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Post Hearing Information Pack of
UTS Marketing Solutions Holdings Limited
(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

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UTS Marketing Solutions Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] : [REDACTED] Shares

Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value : HK\$0.01 per Share

Stock code : 6113

Sole Sponsor

[REDACTED]

[REDACTED], [REDACTED] and [REDACTED]

[REDACTED]

[REDACTED]

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The obligations of the [REDACTED] under the [REDACTED] to subscribe for, and to procure applicants for the subscription for, the [REDACTED], are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in the section headed “[REDACTED] — [REDACTED] Arrangements and Expenses — Grounds for termination” in this document. It is important that you refer to that section for details.

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Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed “Risk Factors” in this document.

EXPECTED TIMETABLE^(Note 1)

[REDACTED]

EXPECTED TIMETABLE^(Note 1)

[REDACTED]

EXPECTED TIMETABLE^(Note 1)

[REDACTED]

CONTENTS

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text in this document. You should read this document in its entirety before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

BUSINESS OVERVIEW

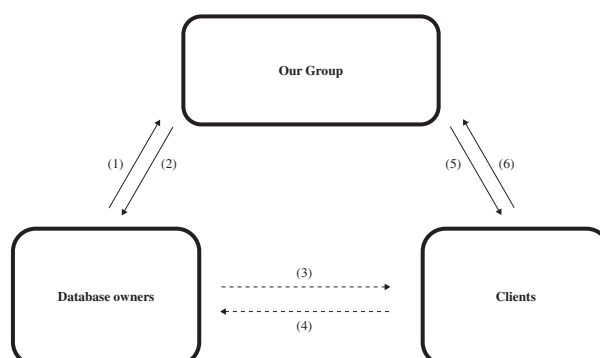
We are one of the leading outbound contact service providers in Malaysia, ranked the third in terms of revenue in 2015 according to the Industry Research Report. We principally provide telemarketing services of financial products for our clients who are mainly banks and insurance companies. We operated six contact centres situated within the central business district of Kuala Lumpur of Malaysia and employed approximately 1,110 professionally trained telemarketing sales representatives as at the Latest Practicable Date.

We provide various outbound contact services which our clients outsourced to us, including telemarketing services for insurance products (including conventional and takaful insurance products), promoting credit cards, handling redemption programmes for loyalty cards, donation programmes, conducting customer’s information update programmes, cross-selling and up-selling of products.

According to the Industry Research Report, most of the outbound contact service providers in Malaysia adopt the conventional business model where clients of the outbound contact service providers which intend to outsource their telemarketing function would obtain the right to use database from relevant database owners before engaging appropriate outbound contact service provider to execute their telemarketing projects. With our experience in the telemarketing industry and the financial industry, we understand that there is a potential information gap between our potential clients who are in need of outbound contact services and database owners who possess valuable customer contact information. Thus, instead of adopting the conventional business model, we focus on exploring business opportunities by cooperating with different database owners. We proactively identify potential database owners, which include banks, telecommunication companies and loyalty card companies, and assist them to realize the value of the database they possessed by offering them telemarketing proposals for their own products and by introducing them to our potential clients which could make use of their database in the telemarketing projects delivered by our Group. Our Directors believe that this approach of connecting database owners and potential clients is one of our key competitive edges as it does not only create business opportunities for us, it also assists our clients and database owners in acquiring new business partners and brings about cross-selling opportunities among our clients and database owners we cooperate with.

SUMMARY

The diagram below demonstrates our relationship with our clients and database owners:



Notes:

- (1)
 - Designating our Group as their outbound contact centre to promote products offered by our clients
 - Transmitting customer contact information to our Group and assisting in database segmentation for a specific project
- (2)
 - Connecting database owner with potential clients by introducing potential clients who are in need of customers' contact list to the database owners
 - Assisting and cooperating with database owner in establishing operative models which complies with its industry or internal regulatory requirements
- (3) Provision of customer contact information via their designated outbound contact centre and realise the value of their customers' contact list by offering the right to use the database to our clients. As providers of database, database owners are able to generate revenue for providing database to our clients
- (4) Payment of customer contact information fees
- (5) Provision of outbound contact services
- (6)
 - Appointing our Group as their outsourced outbound contact services provider for the provision of outbound contact services using the database they obtained from the database owners introduced by us
 - Payment of outbound contact service fees

We secure cooperation opportunities with database owners through (i) referrals from our previous and existing clients and database owners; and (ii) the business network of our management team who has experiences in the insurance industry and telemarketing industry. We actively identify potential database owners and approach potential database owners with our proposals on how they could generate revenue from their database, offering them our experience and advice to assist them in data mining and obtaining relevant internal and industry approvals.

During the Track Record Period, we cooperated with 17 database owners, 10 of which were also our clients where we offered them telemarketing proposals for their own products. Some of the database owners we cooperate with are financial institutions which are under stringent control by the BNM, and other government authorities. We work closely with the database owners to devise different operative models under which we can provide outbound contact service for our clients using the database provided

SUMMARY

by them and at the same time fulfill the specific regulatory requirements they are subject to. During the Track Record Period, we adopted the following three different operative models with our database owners:

- Total outsourcing model — Provision of outbound contact service through our contact centre and our staff;
- Flexible insourcing model — Provision of outbound contact service through insourcing our staff to work at the database owners’ contact centre; and
- Hybrid model — Provision of outbound contact service through contact centre we subleased to database owners either by our staff or the database owners’ staff.

As advised by our Malaysian Legal Advisers, and our Sole Sponsor concurs that, our telemarketing sales representatives are not required to obtain any licences or permits to carry out the telemarketing activities of insurance product or other financial products under the laws of Malaysia since personnel selling and/or marketing insurance products and other financial products for a licensed insurer or licensed bank in Malaysia are not required to obtain any licenses or permits under the laws of Malaysia.

For details of our business model, please refer to the section headed “Business — Our Business Model” on page 99 in this document.

We developed our in-house CRM system, namely the Tele Response Solutions system. The Tele Response Solutions system comprises a suite of software modules built on and integrated with our telephony systems with comprehensive digital telephony functions for the operation and management of our contact centres and communication with our clients and database owners. The system can be tailored to meet clients’ needs without relying on external suppliers, thus maximising cost-efficiency. We were granted the MSC status, an award given to companies with outstanding advancement in information technology by the Malaysian Digital Economy Corporation for our Group’s research, development and commercialisation of the Tele Response Solutions system.

PRODUCTIVITY

During the Track Record Period, we maintained five contact centres at the same respective sites with the same floor areas. The table below demonstrates the utilisation rate of the five contact centres we operated during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Total number of workstations (“A”) ⁽¹⁾	1,066	1,142	1,147
Average number of workstations ordered per month (“B”) ⁽²⁾	793	939	1,022
Utilisation rate ⁽³⁾ (%)	82.5	86.5	86.1
Average revenue generated from each workstation ordered per month (RM)	6,088	6,127	5,967

SUMMARY

Notes:

- (1) The total number of workstations available at the five contact centres we operated. The slight increase in the number of workstations available throughout the Track Record Period was due to our rearrangement of workstations to accommodate additional workstations set-up. For further details of these five contact centres, please refer to the section headed “Business — Properties” on page 141 in this document.
- (2) The figure represents the average number of workstations ordered by our clients per month during the year.
- (3) The utilisation rate of the five contact centres we operated is calculated as follows:

$$\text{Utilisation rate} = \frac{(\text{B} - \text{average number of workstations ordered per month under the flexible insourcing model})}{(\text{A} - \text{number of workstations reserved for our supervisory and quality assurance staff})} \times 100\%$$

The general trend of increase in utilisation rate during the Track Record Period was generally in line with the increase in the average number of workstations ordered by our clients per month.

PRICING

We generally price our services on a “cost-plus” basis after taking into consideration a number of factors, including, the nature of product marketed, the project scale, product complexity, project period, system set-up, customisation requirements and general market conditions.

There are two different pricing schemes for our outbound contact services offered to our clients:

- fixed fees pricing model: we charge a flat rate for each workstation ordered per month plus associated telephone service provider charges; and
- performance-driven pricing model: in general, the fees we charged begin at a minimum amount before rising in tiered levels based on KPI levels mutually agreed prior to the launch of project.

SUMMARY

The table below shows the revenue, average monthly workstations ordered and average service fees generated from each workstation per month, for each of the pricing models and in each of the years ended 31 December 2014, 2015 and 2016.

	Year ended 31 December					
	2014		2015		2016	
Revenue generated from fixed fees pricing model (RM'000)	20,610	35.6%	18,959	27.5%	12,981	17.7%
Revenue generated from performance-driven pricing model (RM'000)	<u>37,330</u>	<u>64.4%</u>	<u>50,047</u>	<u>72.5%</u>	<u>60,180</u>	<u>82.3%</u>
Total revenue (RM'000)	<u><u>57,939</u></u>	<u><u>100.0%</u></u>	<u><u>69,005</u></u>	<u><u>100.0%</u></u>	<u><u>73,161</u></u>	<u><u>100.0%</u></u>
Average monthly workstations ordered of fixed fees pricing model	263	33.2%	259	27.6%	162	15.9%
Average monthly workstations ordered of performance-driven pricing model	<u>530</u>	<u>66.8%</u>	<u>680</u>	<u>72.4%</u>	<u>860</u>	<u>84.1%</u>
Total average monthly workstations ordered	<u><u>793</u></u>	<u><u>100.0%</u></u>	<u><u>939</u></u>	<u><u>100.0%</u></u>	<u><u>1,022</u></u>	<u><u>100.0%</u></u>
Average monthly service fees generated from each workstation for fixed fees pricing model (RM)	6,519		6,104		6,675	
Average monthly service fees generated from each workstation for performance-driven pricing model (RM)	5,874		6,135		5,834	
Average monthly service fees generated from each workstation (RM)	6,088		6,127		5,967	

Pricing model is determined after negotiation with our clients. During the Track Record Period, there have been an increasing trend of revenue generated from and average monthly workstations ordered from the performance-driven pricing model.

OUR CLIENTS

Our Group's revenue generated from our five largest clients together accounted for approximately 74.6%, 67.4% and 62.7% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively, with the revenue from our largest client accounted for approximately 18.6%, 20.0% and 20.4% of the total revenue of our Group for the same years. All of our Group's five largest clients during the Track Record Period are international insurance companies or banking groups which require contact centre services to market their conventional or takaful insurance products or banking products. None of our Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest clients of our Group during the Track Record Period and as at the Latest Practicable Date.

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For further details of our clients, please refer to the section headed “Business — Clients” on page 127 in this document.

OUR SUPPLIERS

Our Group rents office premises and private telephone lines from our suppliers. We also pay to the database owners the incentive-linked commission of the database owner’s staff under the hybrid operative model where the outbound contact services are delivered by database owner’s staff. Such incentive-linked commission is generally paid to the telemarketing sales representatives of the database owner based on the number and value of sales achieved during the month. During the Track Record Period, we only paid the staff of one database owner such incentive-linked commission and such commission paid to each telemarketing sales representative was in the approximate range of RM5 to RM7,100 for sales achievement reaching certain pre-determined KPIs.

Our Group’s expenses to our five largest suppliers together accounted for approximately 72.5%, 77.6% and 52.4% of our total other operating expenses for the years ended 31 December 2014, 2015 and 2016, respectively. Our gross expenses to our largest supplier accounted for approximately 24.3%, 22.9% and 15.8% for the years ended 31 December 2014, 2015 and 2016, respectively. None of our Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest suppliers of our Group during the Track Record Period and as at the Latest Practicable Date. Save and except for one supplier, which was a database owner we cooperated with under the hybrid operative model and, being our client for outbound contact service, none of the five largest suppliers were our clients during the Track Record Period.

For further details of our suppliers, please refer to the section headed “Business — Suppliers” on page 130 in this document.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our historical success and potential for future growth:

- Experienced and stable management team;
- Innovative and flexible outbound telemarketing solutions;
- One of the leading outsourced outbound contact service providers in Malaysia and experienced in providing outbound contact services for a vast range of financial products;
- Self-developed customisable CRM system;
- Effective and efficient human resource management and training;
- Total quality assurance; and
- Robust data security and stringent data control.

For details, please refer to the section headed “Business — Competitive Strengths” on page 89 in this document.

SUMMARY

BUSINESS STRATEGIES

The following constitute our current business strategies:

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

For details, please refer to the section headed “Business — Business Strategies” on page 92 in this document.

COMPETITIVE LANDSCAPE

According to the Industry Research Report, there are approximately 200 service providers in the outsourced outbound contact service industry in 2015. The outsourced outbound contact centre service industry is relatively concentrated with the top five players, in aggregate, accounted for approximately 70.4% of the market share in terms of revenue in 2015. Our Group was the third largest service provider with a market share of approximately 16.0% in terms of revenue in 2015. Outsourced outbound contact centre service providers compete with one another in respect of service quality, implementation of suitable contact centre service system, big data analysis and the ability to establish stable partnership with upstream product and service providers. Our Directors expect that competition will remain intense in the future.

For further details, please refer to the section headed “Industry Overview” on page 52 in this document.

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FINANCIAL INFORMATION

The table below sets out a summary of the audited consolidated financial information during the Track Record Period. You should read the following financial information together with the financial information included in the accountants’ report set out in Appendix I to this document, including the notes thereto.

Selected items in our consolidated statements of profit or loss and other comprehensive income

	Years ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Revenue	57,939	69,005	73,161
Other income and gains	481	643	834
Staff costs	(33,535)	(40,326)	(44,795)
Depreciation	(1,888)	(1,481)	(1,343)
Other operating expenses	<u>(8,110)</u>	<u>(8,755)</u>	<u>(13,291)</u>
Profit from operations	14,887	19,086	14,566
Finance costs	<u>(55)</u>	<u>(51)</u>	<u>(248)</u>
Profit before tax	14,832	19,035	14,318
Income tax credit/(expense)	<u>77</u>	<u>(3)</u>	<u>(3)</u>
Profit and total comprehensive income for the year	<u><u>14,909</u></u>	<u><u>19,032</u></u>	<u><u>14,315</u></u>

Our Group’s revenue represents the service income from the provision of telemarketing services. All of our revenue was generated from our services provided in Malaysia. Our total revenue amounted to approximately RM57.9 million, RM69.0 million and RM73.2 million, respectively for the years ended 31 December 2014, 2015 and 2016. During the Track Record Period, over 80% of our revenue was derived from clients in the insurance sector which mainly include insurance companies and the insurance associates of banking groups which require outbound contact services for telemarketing of conventional or takaful insurance products to selected customers in their databases or databases provided by other database owners we cooperate with.

SUMMARY

The table below sets out the breakdown of our Group’s revenue by industry sectors in which our clients operated in during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Industry sector						
Insurance	52,830	91.2	58,522	84.8	59,069	80.7
Banking and financial	1,276	2.2	5,082	7.4	7,136	9.8
Telecommunications	2,682	4.6	3,782	5.5	713	1.0
Others	<u>1,151</u>	<u>2.0</u>	<u>1,619</u>	<u>2.3</u>	<u>6,243</u>	<u>8.5</u>
Total	<u>57,939</u>	<u>100</u>	<u>69,005</u>	<u>100</u>	<u>73,161</u>	<u>100</u>

Please refer to the section headed “Financial Information — Description of certain key items of the consolidated statements of profit or loss and other comprehensive income — Revenue” on page 173 for further details.

We recorded a net profit of approximately RM14.9 million, RM19.0 million and RM14.3 million, respectively for the years ended 31 December 2014, 2015 and 2016.

Our net profit margin was approximately 25.7%, 27.6% and 19.6% for the years ended 31 December 2014, 2015 and 2016 respectively. Our net profit margin increased by 1.9% from the year ended 31 December 2014 to the year ended 31 December 2015, which was mainly attributable to the relatively smaller increase in our other operating expenses as compared to the increase in our revenue, as a result of our cost control measures for the year ended 31 December 2015. Our net profit margin decreased by 8.0% from the year ended 31 December 2015 to the year ended 31 December 2016, which was mainly due to the increase in other operating expenses as a result of the listing expenses incurred for the preparation for the Listing during the year.

Our Group has recorded minimal income tax credit of approximately RM77,000 and income tax expenses of approximately RM3,000 and RM3,000 for the years ended 31 December 2014, 2015 and 2016, respectively. This is primarily due to a major operating subsidiary of our Group, TRSB, obtained the pioneer certificate from the Malaysian Investment Development Authority in 2011 and is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2010 to 9 February 2015. Such tax exemption was renewed in 2015 and accordingly TRSB is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2015 to 9 February 2020.

SUMMARY

Selected items in our consolidated statements of financial position

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Current assets	18,221	18,896	23,365
Current liabilities	8,284	5,404	7,463
Net current assets	9,937	13,492	15,902

During the Track Record Period, our current assets consisted primarily of trade receivables and bank and cash balances. During the Track Record Period, our current liabilities consisted primarily of accruals and other payables. As at 31 December 2014, 2015 and 2016, our Group had net current assets of approximately RM9.9 million, RM13.5 million and RM15.9 million.

Key financial ratios

	Year ended 31 December		
	2014	2015	2016
Profitability ratios			
Return on equity (%)	114.1	120.9	80.6
Return on total assets (%)	67.3	87.6	54.7

	As at 31 December		
	2014	2015	2016
Current ratio	2.2	3.5	3.1
Gearing ratio (%)	7.5	5.0	19.9

The increase in our return on equity for the year ended 31 December 2015 was due to the increase in our net profit during the year, partially offset by the increase in our reserves as at 31 December 2015 as a result of the retained profits recorded for the year. The decrease in our return on equity for the year ended 31 December 2016 was due to the decrease in our net profit during the year and the increase in our reserve as at 31 December 2016. The fluctuations of our return on total assets during the Track Record Period were largely in line with the fluctuations of our net profit during the Track Record Period.

Our current ratio increased from approximately 2.2 as at 31 December 2014 to approximately 3.5 as at 31 December 2015 primarily due to (i) the increase in our trade receivables; and (ii) the decrease in our dividends payables as at 31 December 2015. Our current ratio decreased to 3.1 as at 31 December 2016 primarily due to the increase in borrowings, representing our bank overdrafts, as at 31 December 2016.

Gearing ratio is our total debt divided by total equity. Total debt includes finance lease payables and borrowings. Our gearing ratio decreased from approximately 7.5% as at 31 December 2014 to approximately 5.0% as at 31 December 2015, which was mainly due to (i) the repayment of finance

SUMMARY

lease obligations; and (ii) the increase in our reserves as at 31 December 2014 and 2015 as a result of the retained profits recorded for the years. The gearing ratio increased to approximately 19.9% as at 31 December 2016, which was mainly due to the increase in borrowings, representing our bank overdrafts, as at 31 December 2016. The increase in bank overdrafts was mainly due to the cash needs for listing expenses during the year.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the Share Option Scheme), Mr. Ng Chee Wai will, through Marketing Intellect, indirectly hold [REDACTED] of the issued share capital of our Company respectively. For the purpose of the Listing Rules, Mr. Ng Chee Wai and Marketing Intellect are the Controlling Shareholders of our Company. Please refer to the section headed “Relationship with Controlling Shareholders” on page 145 in this document for further details.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds from the [REDACTED], after deducting [REDACTED] fees and commission and other estimated expenses in connection with the [REDACTED], are estimated to amount to approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range).

We intend to use the net proceeds for the following purposes:

- approximately HK\$[REDACTED] million or approximately [REDACTED] of the net proceeds for expanding our outbound contact service business by establishing two additional outbound contact centres in suitable locations in Kuala Lumpur, Malaysia with aggregate capacity of approximately 490 workstations for capturing additional outbound contact service demand from existing and potential clients, among which approximately HK\$[REDACTED] million for setting up the contact centres and approximately HK\$[REDACTED] million for hiring staff, paying rental and other related expenses;
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds for setting up an inbound contact centre in suitable locations in Kuala Lumpur, Malaysia with capacity of approximately 210 workstations in order to commence our business of provision of inbound contact services to existing clients and potential clients, among which approximately HK\$[REDACTED] million for setting up the inbound contact centre and approximately HK\$[REDACTED] million for recruitment of customer service agents and supporting personnel;
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds for upgrading and enhancing our information technology system and developing a comprehensive system for billing and reconciliation services; and
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds will be used as general working capital of our Group.

SUMMARY

To the extent that the net proceeds are not sufficient to fund the purposes as set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Please refer to the section headed “Future Plans and Use of Proceeds — Use of Proceeds” on page 206 in this document for further details.

REASONS FOR LISTING IN HONG KONG

We believe that the Listing represents an important step to implement our business strategies. Our Company is applying for listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Therefore, our Company believes that there will be a higher liquidity and valuation, and greater exposure to a broader analyst and investment community, which would facilitate our future fund raising should such need arise. Our Directors believe that the Listing would help to raise our Group’s brand awareness and publicity on an international level, making our Company’s services being known to new potential local and international clients. Please refer to the section headed “Future Plans and Use of Proceeds — Reasons for listing in Hong Kong” on page 207 in this document for further details.

[REDACTED]

	Based on the minimum indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalisation of our Shares at Listing ⁽¹⁾ [REDACTED] per Share ⁽²⁾	HK\$[REDACTED] million HK\$[REDACTED]	HK\$[REDACTED] million HK\$[REDACTED]

Notes:

- The calculation of the market capitalisation of our Shares is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] and the [REDACTED], but does not take into account any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.
- Please refer to the paragraph headed “[REDACTED]” in Appendix II to this document for further details.

LISTING EXPENSES

The estimated listing expenses, which are non-recurring in nature, are approximately RM15.0 million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED])), of which RM9.5 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income as expenses and RM5.5 million is expected to be capitalised upon the Listing. For the years ended 31 December 2014, 2015 and 2016, listing expenses of nil, nil and RM3.5 million was charged to our consolidated statement of profit or loss and other comprehensive income,

SUMMARY

respectively. The remaining listing expenses of approximately RM6.0 million is expected to be charged to our Group’s profit or loss and other comprehensive income for the year ending 31 December 2017. Our Directors would like to emphasize that the listing expenses above are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors consider that such listing expenses would negatively affect our net profit for the year ending 31 December 2017.

DIVIDENDS

For the year ended 31 December 2014, 2015 and 2016, our Group declared dividends in aggregate amounts of approximately RM13.6 million, RM16.4 million and RM12.3 million, respectively. Subsequent to 31 December 2016, our Group declared interim dividends on 10 March 2017 and 3 April 2017 in an aggregate amount of RM5 million. All dividends declared were fully paid prior to the Latest Practicable Date and our Group financed the payment of these dividends by our internal resources. We currently do not have any plans to distribute regular dividends immediately after the Listing, although this is subject to change. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. We currently do not have any specific dividend policy.

PRINCIPAL RISK FACTORS

We believe that there are certain risks involved in our operations which are beyond our control. The following highlights some of the risks which our Directors consider to be material:

- During the Track Record Period, our top five clients accounted for over 60% of our total revenue and most of them are in the insurance sector. Any decrease in revenue generated from any of them would materially and adversely affect our business, results of operations and financial condition;
- Contact service industry is a labour intensive business. Any shortages in staff, or increase in staff costs may materially and adversely affect our business, results of operations, financial condition and prospects;
- Our competitiveness and our revenue sustainability depend on maintaining our relationship with the database owners we cooperate with, failing which our business, results of operations and financial condition may be adversely affected;
- We are dependent on key management personnel;
- The rise of financial technology may adversely affect our competitiveness which in turn may materially and adversely affected our business;
- We intend to develop the provision of inbound contact service as our new business initiative. Due to our lack of experience in the provision of inbound contact service, we may not be able to implement our new business initiative successfully and may not generate positive returns on our investment and thus may affect our business, results of operations, financial condition and prospects; and
- We may not enjoy tax exemption after the expiration of the current tax exemption enjoyed by us, which may materially and adversely affect our financial condition, results of operations and prospects.

SUMMARY

Please refer to the section headed “Risk Factors” on page 26 in this document for further details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business operations have remained stable after the Track Record Period. The average number of workstations ordered by our clients increased from 1,022 per month for the year ended 31 December 2016 to 1,130 per month for the four months ended 30 April 2017. There had been no material fluctuation of the average monthly service fees generated per workstation for the four months ended 30 April 2017.

On 28 April 2017, the Group entered into a lease agreement to lease a property with an approximate gross floor area of 9,649 sq. ft. on level 9, Bangunan Bangunan KWSP, No.3, Changkat Raja Chulan, 50200, Kuala Lumpur with effect from 1 April 2017 as contact centre for our outbound contact services. Such new contact centre provides 276 workstations and has been in operation since May 2017.

Subsequent to 31 December 2016, our Group declared interim dividends on 10 March 2017 and 3 April 2017 in an aggregate amount of RM5 million. All dividends declared were fully paid prior to the Latest Practicable Date and our Group financed the payment of these dividends by our internal resources.

BNM has issued a supplementary notice (effective from 5 December 2016) which stipulates that a Malaysian resident exporter is only allowed to retain up to 25% of foreign currency proceeds from its exports of goods. The balance of foreign currency proceeds from the exports of goods shall be converted into RM with a licensed onshore bank. Our Directors expect that the new foreign exchange measures would not have any material adverse impact on our Group’s operation, dividend plans or tax position as (i) our Group is a service provider in Malaysia deriving all of our revenue from Malaysia in RM; (ii) our Malaysian subsidiaries, namely UTSM and TRSB are not involved in any export of products or services activities; and (iii) whilst our business operates in Malaysia, the foreign exchange administration rules of Malaysia do not extend any of its requirement to the parent entity incorporated outside its jurisdiction. As advised by our Malaysian Legal Advisers, save for requirement to remit dividends in foreign currency, our Company upon Listing is not subject to any other foreign exchange restrictions to distribute dividends from our Group’s Malaysian subsidiaries in Malaysia.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the listing expenses to be incurred as stated in the paragraphs headed “[REDACTED]” in this section, (i) there were no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position since 31 December 2016 and up to the date of this document; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 31 December 2016 and up to the date of this document; and (iii) no event had occurred since 31 December 2016 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the accountants’ report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions shall have the meanings set out below. Certain other terms are defined in the section headed “Glossary” in this document.

“[REDACTED]”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them, relating to the [REDACTED]
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 14 June 2017 and taking effect upon Listing, as amended from time to time, a summary of which is set forth in Appendix III to this document
“Board”	our board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
“BNM”	the Bank Negara Malaysia, the central bank of Malaysia
“BVI”	the British Virgin Islands
“[REDACTED]”	the issue of [REDACTED] Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Further information about our Company and our Subsidiaries — 3. Written resolutions of our Shareholders passed on 14 June 2017” in Appendix IV to this document
“[REDACTED]”	the Central Clearing and Settlement System established and operated by [REDACTED]
“[REDACTED]”	a person admitted to participate in [REDACTED] as a direct participant or a general clearing participant
“[REDACTED]”	a person admitted to participate in [REDACTED] as a custodian participant
“[REDACTED]”	a person admitted to participate in [REDACTED] as an investor participant who may be an individual, joint individuals or a corporation
“[REDACTED]”	a [REDACTED] or a [REDACTED] or a [REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED], a licensed corporation to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“[REDACTED]”	RHB Securities Hong Kong Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	UTS Marketing Solutions Holdings Limited, an exempted company incorporated in the Cayman Islands under the Companies Laws with limited liability on 23 August 2016
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules. In the context of this document, means the controlling shareholders of the Company, being Mr. Ng Chee Wai and Marketing Intellect
“Deed of Indemnity”	the deed of indemnity dated 14 June 2017 and executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries stated therein), the particulars of which are set forth in the section headed “Other information — Estate duty, tax and other indemnity” in Appendix IV to this document
“Deed of Non-Competition”	the deed of non-competition undertaking dated 14 June 2017 and executed by the Controlling Shareholders in favour of the Company, the particulars of which are set forth in the section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” in this document
“Director(s)”	the director(s) of our Company
“Frost & Sullivan”	Frost & Sullivan International Limited, an independent industry consultant
“[REDACTED]”	the [REDACTED] and the International [REDACTED]

DEFINITIONS

“[REDACTED]”	the application form(s) to be completed by [REDACTED] [REDACTED] Service Provider, designated by our Company
“Group”, “Our Group”, “we” or “us”	our Company and its subsidiaries or, where the context refers to any time prior our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses carried on by such subsidiaries or (as the case may be) their predecessors or any of them
“[REDACTED]”	the application for [REDACTED] to be issued in the applicant’s own name by submitting application online through the designated website at <u>[REDACTED]</u>
“[REDACTED]”	the [REDACTED] [REDACTED] service provider designated by our Company as specified on the designated website at <u>[REDACTED]</u>
“HKFRS”	Hong Kong Financial Reporting Standards, which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and their interpretations issued by the Hong Kong Institute of Certified Public Accountants
“[REDACTED]”	Hong Kong Securities Clearing Company Limited
“[REDACTED] Nominees”	[REDACTED] Nominees Limited, a wholly owned subsidiary of [REDACTED]
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“[REDACTED]”	the [REDACTED] new Shares being initially [REDACTED] by our Company for [REDACTED] under the [REDACTED], representing 10% of the initial number of the [REDACTED] subject to [REDACTED] as described in the section headed “Structure of the [REDACTED]” in this document
“[REDACTED]”	the [REDACTED] of the [REDACTED] for [REDACTED] by members of the public in Hong Kong (subject to [REDACTED] as described in the section headed “Structure of the [REDACTED]” in this document) at the [REDACTED] (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), and on the terms and subject to the conditions described in this document and the [REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	the [REDACTED] of the [REDACTED], whose names are set out in the section headed “[REDACTED]” in this document
“[REDACTED]”	the conditional [REDACTED] agreement dated 21 June 2017 relating to the [REDACTED] entered into between, among others, our Company and the [REDACTED], particulars of which are summarised in the section headed “[REDACTED]” in this document
“Independent Third Party(ies)”	a person or persons or a company or companies that is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
“Industry Research Report”	a commissioned industry research report prepared by Frost & Sullivan for use in part in this document
“International [REDACTED]”	the conditional [REDACTED] of [REDACTED] at the [REDACTED] to selected professional, institutional and other private investors, as set out in the section headed “Structure of the [REDACTED]” in this document
“[REDACTED]”	the [REDACTED] new Shares being initially [REDACTED] by our Company for [REDACTED] under the International [REDACTED], representing [REDACTED]% of the initial number of the [REDACTED] subject to [REDACTED] as described in the section headed “Structure of the [REDACTED]” in this document
“International [REDACTED]”	the [REDACTED] of the International [REDACTED], who are expected to enter into the International [REDACTED]
“International [REDACTED]”	the conditional [REDACTED] agreement relating to the International [REDACTED] and expected to be entered into between, among others, our Company and the International [REDACTED] on or about the [REDACTED]
“[REDACTED]” or “[REDACTED]” or “[REDACTED]”	[REDACTED] and [REDACTED]
“Latest Practicable Date”	13 June 2017, being the latest practicable date prior to the publication of this document for the purpose of ascertaining certain information contained in this document
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange
“[REDACTED]”	the date on which the dealings in our Shares first commence on the Stock Exchange which is expected to be on or about [REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of Growth Enterprise Market (excluding options market) and which stock market continues to be operated by the Stock Exchange in parallel with Growth Enterprise Market and which, for the avoidance of doubt, excludes Growth Enterprise Market
“Malaysian Legal Advisers”	Ben & Partners, the legal advisers to the Company as to the laws of Malaysia
“Marketing Intellect”	Marketing Intellect (UTS) Limited, a company incorporated in the BVI with limited liability on 19 August 2016, which is wholly-owned by Mr. Ng Chee Wai and is a Controlling Shareholder
“Marketing Talent”	Marketing Talent (UTS) Limited, a company incorporated in the BVI with limited liability on 19 August 2016 which is wholly owned by Mr. Lee Koon Yew and is a substantial shareholder of the Company
“Marketing Wisdom”	Marketing Wisdom (UTS) Limited, a company incorporated in the BVI with limited liability on 19 August 2016 which is wholly owned by Mr. Kwan Kah Yew and is a substantial shareholder of the Company
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on 14 June 2017, as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix III to this document
“[REDACTED]”	the final price per [REDACTED] in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the [REDACTED] are to be subscribed for and issued pursuant to the [REDACTED], to be determined as further described in the section headed “Structure of the [REDACTED] — Determination of the [REDACTED]” in this document
“[REDACTED]”	the [REDACTED] and the [REDACTED] together, where relevant

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, which for the purpose of this document and for geographical reference only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PDPA”	the Personal Data Protection Act 2010 of Malaysia, as amended, supplemented or otherwise modified from time to time
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]) to record and fix the [REDACTED]
“[REDACTED]”	the date, expected to be on or about [REDACTED], on which the [REDACTED] is fixed for the purpose of the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, the particulars of which are set forth in the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this document
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares granted to the Directors by the Shareholder, further information of which is set out in the section headed “Further information about our Company and our Shareholders — 3. Written resolutions of our Shareholders passed on 14 June 2017” in Appendix IV to this document
“[REDACTED]”	[REDACTED], a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of HK\$0.01 each

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 14 June 2017, the principal terms of which are set out in the section headed “Other information — Share Option Scheme” in Appendix IV to this document
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor” or “CLC International”	CLC International Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor of the [REDACTED]
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Repurchases issued by the SFC as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the years ended 31 December 2014, 2015 and 2016
“TRSB”	Tele Response Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 16 January 2008 and an indirect wholly-owned subsidiary of our Company
“[REDACTED]”	collectively, the [REDACTED] and the International [REDACTED]
“[REDACTED]”	the [REDACTED] and the International [REDACTED]
“United States” or “U.S.”	the United States of America, including its territories and possessions
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“UTS (BVI)”	UTS Marketing Solutions (BVI) Limited, a company incorporated in the BVI with limited liability on 19 August 2016, which is a wholly-owned subsidiary of our Company
“UTS Global”	UTS Global Solutions Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 23 October 2009, a 90% subsidiary of UTS Marketing before 15 September 2016, which was subsequently disposed of to the minority shareholder at the material time

DEFINITIONS

“UTS Indonesia”	PT. UTS Indonesia, a company limited by shares incorporated in Indonesia on 11 September 2013, a 99.67% subsidiary of UTS Global
“UTS Marketing”	UTS Marketing Solutions Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 19 December 2007 and an indirect wholly-owned subsidiary of our Company
“%”	per cent

In this document:

- *The terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected person(s) at the subsidiary level”, “core connected person(s)”, “connected transaction(s)”, “substantial shareholder(s)” and “subsidiary(ies)” shall have the meanings ascribed thereto under the Listing Rules, unless the context otherwise requires.*
- *Unless otherwise expressly stated or the context otherwise requires, all data in this document is as at Latest Practicable Date.*
- *Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*
- *Unless otherwise specified, all references to “2014”, “2015” and “2016” are to the years ended 31 December 2014, 2015 and 2016, respectively.*
- *All times refer to Hong Kong time. Unless otherwise specified, reference to years in this document are to calendar years.*
- *Certain figures used in this document that are expressed in HK\$ are calculated based on the conversion rate of RM1.00 = HK\$1.73.*

GLOSSARY

This glossary contains explanation of certain technical terms used in this document in connection with our Company and our business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.

“Application Programming Interface” or “API”	a particular set of rules and specifications that software programs can follow to communicate with each other. It serves as an interface between different software programs and facilitates their interaction, similar to the way the user interface facilitates interaction between humans and computers
“contact centre(s)”	a centre where the predominance of the work done involves handling customer interactions via telephone. These could be help desks, telemarketing centres, or service and support centres
“Customer Relation Management system” or “CRM system”	a software program or a suite of programs that helps overall process management, streamlining and optimising contact centre operations and enable contact centre maintain high levels of service to meet clients’ expectations
“KPI(s)”	key performance indicator
“MSC”	MSC Malaysia is Malaysia’s national information and communications technology initiative designed to attract world-class technology companies while grooming the local ICT industry which is overseen by Malaysia Digital Economy Corporation
“predictive dialling”	a telephone control system that automatically calls a list of telephone numbers in sequence, screening out no-answers, busy signals, answering machines and disconnected numbers while predicting at what point a human caller will be able to handle the next call. Predictive dialling tends to be the best mode for large, high volume outbound dialling contact service centres where a great number of telemarketing sales representatives need to be matched with a large number of calls
“private branch exchange” or “PABX”	a telephone system within an enterprise that switches calls between enterprise users on local lines while allowing all users to share a certain number of external phone lines
“seat(s)” or “workstation(s)”	the physical location with a desktop and/or phone where calls are handled
“sq. ft.”	square feet
“takaful insurance”	takaful insurance is a type of Islamic insurance, where members contribute money into a pooling system in order to guarantee each other against loss or damage
“telemarketing sales representative(s)”	personnel who make outbound calls at the contact centre

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Future Plans and Use of Proceeds”, “Financial Information”, “Industry Overview” and “Business”. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to” or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our business strategies and initiatives as well as our business plans;
- our future business development, results of operations and financial condition;
- our capital expenditure and funding plans;
- expected changes in our revenues and certain cost or expense items;
- our expectations with respect to increased revenue growth and our ability to sustain profitability;
- our services under development or planning;
- our dividend distribution plans;
- trends and competition in the contact service industry;
- margins, overall market trends, risk management and exchange rates; and
- changes in general economic, regulatory and operating conditions in the markets in which we operate.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in the section headed “Risk Factors” in this document.

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

FORWARD-LOOKING STATEMENTS

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

RISK FACTORS

Potential investors should consider carefully all the information set out in this document and, in particular, should evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and our operations are conducted in Malaysia and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into (i) risks relating to our Group; (ii) risks relating to the industry in which we operate; (iii) risks relating to conducting business in Malaysia; and (iv) risks relating to the [REDACTED].

RISKS RELATING TO OUR GROUP

During the Track Record Period, our top five clients accounted for over 60% of our total revenue and most of them are in the insurance sector. Any decrease in revenue generated from any of them would materially and adversely affect our business, results of operations and financial condition.

A majority of our revenue is derived from a limited number of clients. Our Group’s sales to our five largest clients together accounted for approximately 74.6%, 67.4% and 62.7% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively, with the revenue from our largest client accounted for approximately 18.6%, 20.0% and 20.4% of the total revenue of our Group for the same years. Most of our top five clients are in the insurance sector.

Our current concentration on a few significant clients exposes us to risks of substantial loss if a single, dominant client stops engaging in businesses with us or significantly reduces their orders to us. As demand for our services depends on the marketing needs of our clients, there is no assurance that the demand for our contact services can be maintained or will continue to grow. Any increase in competition from other contact service providers, or deterioration in the insurance industry, may significantly reduce the volume and/or price of our service. Our business, results of operations and financial condition may be materially and adversely affected.

Most of our top five clients during the Track Record Period are scalable insurance companies. In the event that any significant client establishes their own contact centre or chooses to use customers database of other database owners, of which such database owners either have their own internal contact centre or their own designated outsourced contact centre other than our Group, it may cause substantial loss to our orders and thus our results of operations and financial condition may be materially and adversely affected.

As part of our strategic development, we intend to expand our service to inbound contact service and to provide outbound contact service to cover new products such as motor vehicle insurance, the sale and activation of credit cards, balance transfers and donation programmes, in hope to tap into new clients in the insurance sector or clients in other industry sectors. However, we anticipate that we will continue to derive a significant portion of our revenue from our top five clients in the near future.

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Furthermore, such expansion of our business to the provision of inbound contact service and the provision of outbound contact service to cover new products may involve substantial time and resources. In the event that we encounter problems or delays in expanding our business, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Contact service industry is a labour intensive business. Any shortages in staff, or increase in staff costs may materially and adversely affect our business, results of operations, financial condition and prospects.

As a contact service provider, one of our main cost items is staff costs. Our total staff costs, which primarily comprise of salaries, bonuses, commission and employee benefit expenses, were approximately RM33.5 million, RM40.3 million and RM44.8 million for the years ended 31 December 2014, 2015 and 2016, respectively.

Since the contact service industry is service-oriented and labour intensive, our success depends in part upon our ability to attract, retain and motivate a sufficient number of staff, in particular our telemarketing sales representatives. Individuals having the appropriate work experience or are adequately trained are under demand. If we are unable to recruit and/or retain qualified individuals, our business growth may be slowed and that our results of operations may be materially and adversely affected.

Competition for qualified staff, especially telemarketing sales representatives, could require us to pay higher wages, resulting in higher staff costs. We may not be able to pass these increased costs onto our clients, in which case our costs of operation may increase and that our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our competitiveness and our revenue sustainability depend on maintaining our relationship with the database owners we cooperate with, failing which our business, results of operations, financial condition and prospects may be adversely affected.

We adopt a business model where we focus on exploring business opportunities by cooperating with different database owners. We proactively identify potential database owners, which include banks, telecommunication companies and loyalty card companies, and assist them to realize the value of the database they possessed by offering them telemarketing proposals for their own products and by introducing them to our potential clients which could make use of their database in telemarketing projects delivered by our Group. Our Directors believe that this approach of connecting database owners and potential clients is one of our key competitive edges as it does not only create business opportunities for us, it also assists our clients and database owners in acquiring new business partners and brings about cross-selling opportunities among our clients and database owners we cooperate with. Thus, our competitiveness in the outbound contact service industry and the sustainability of our revenue and net profit depends whether we can maintain relationship with the database owners we work with.

During the Track Record Period, we worked with 17 database owners, 10 of which were also our clients. There is no assurance we can maintain business relationship with our major database owners in the future. In the event that the database owners we cooperate with establish their own contact centre or designate other outsourced contact centre; or in the event that any of our major clients choose to use

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database from database owners we do not cooperate with and that other database owners have their own contact centre or designate other outsourced contact centre; it may cause substantial loss to our orders and our results of operations and financial condition may be materially and adversely affected.

Further, if such database owners decide to change marketing channel or to choose another outbound contact service provider as their business partner, and thereby significantly reduce their cooperation with us, we may not be able to find other database owners in a timely manner or at all. As a result, our business, results of operations, financial condition and prospects may be adversely affected.

We are dependent on key management personnel.

To a significant extent, the success of our Group depends on the experience, expertise and the continuous services of members of our senior management team who have an average of more than 15 years of relevant working experience and have served our Group for an average of more than four years. For the bibliographical details of our senior management team, please refer to the section headed “Directors and Senior Management” in this document.

Our performance depends on our ability to retain and motivate our key officers and employees. There is no assurance that we can retain the continuous services of members of our senior management team. Our operations may be materially and adversely affected if we cannot retain their services and replacement cannot be found in a timely and commercially viable manner.

The rise of financial technology may adversely affect our competitiveness which in turn may materially and adversely affect our business.

The financial technology (“**Fintech**”) refers to the use of new technology and innovation in the delivery of financial services. The emergence of Fintech industries introduces competitors in the market which facilitate marketing and transaction of financial products using technologies and innovations. These Fintech companies offer alternative marketing and contact solutions to our clients which may be more efficient and effective than telemarketing in promoting products and reaching potential customers. The rise of these Fintech companies may thus potentially weaken our competitiveness as a contact service provider and reduce the demand of telemarketing as our clients may consider to adopt other alternative marketing strategies by using Fintech other than telemarketing. For example, the development of on-line purchasing of insurance products may potentially reduce the need of telemarketing of insurance products. Since, as a contact service provider, our main costs item is staff costs, if our Group is unable to use Fintech to our benefit and reduce our staff costs by enhancing automation, our competitiveness may be weakened, business growth may be slowed and that our results of operations may be materially and adversely affected.

We intend to develop the provision of inbound contact service as our new business initiative. Due to our lack of experience in the provision of inbound contact service, we may not be able to implement our new business initiative successfully and may not generate positive returns on our investment and thus may affect our business, results of operations, financial condition and prospects.

As part of our strategic development, we intend to develop the provision of inbound contact service as our new business initiative. We do not have track record of, and lack experience in, the provision of inbound contact service, which may differ from the business environment we currently

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operate in. We cannot assure you that we will be able to successfully leverage on our experience in the outbound contact service industry to expand into the new business. We may face intense competition from other market players with industry experience and/or well-established presence and from other market players with similar expansion targets.

Whether we can successfully manage our expansion depends on many factors which are beyond our control. As we may also face challenges and uncertainties not previously encountered, we may fail to recognise or properly assess the risks or take advantage of opportunities, or otherwise fail to adequately leverage on our resources and past experience to meet challenges encountered in the new business segment. If we are unable to successfully manage our expansion, we may not be able to execute our business strategies or respond to competitive pressures, any of which could materially and adversely affect our business, results of operations and financial condition.

There is also no assurance that our expansion will generate positive returns on our investment. We may not be able to recover the costs incurred in developing our new business initiative. We cannot assure you that we can anticipate and resolve all problems that may occur during our expansion and failure to do so may also have a material adverse effect on our business, financial condition and results of operations.

We may not enjoy income tax exemption after the expiration of the current tax exemption enjoyed by us, which may materially and adversely affect our financial condition, results of operations and prospects.

We are subject to income tax in Malaysia and the statutory tax rates are calculated at 25%, 25%, and 24% on the estimated taxable profits for the years ended 31 December 2014, 2015 and 2016, respectively. Certain of our subsidiaries incorporated in Malaysia enjoy tax rates of 20%, 20% and 19% for the years ended 31 December 2014, 2015 and 2016. A subsidiary of our Group, TRSB, obtained the pioneer certificate from the Malaysian Investment Development Authority in 2011 in relation to our MSC status granted in respect of our research, development and commercialisation of our in-house developed CRM system namely, the Tele Response Solutions system. TRSB had thus been exempted from paying tax on statutory income for a period of five years from 10 February 2010 to 9 February 2015. Such tax exemption has been renewed in 2015 and TRSB is entitled to a further tax exemption for a period of five more years from 10 February 2015 to 9 February 2020.

We, however, expected that such tax exemption will not be further extended beyond the expiration date unless we can obtain the MSC status for the development of new ICT initiative. As part of our strategic plan, we intend to develop a new comprehensive system for billing and reconciliation services for our clients which we expect that can be qualified to obtain the MSC status and thus a pioneer status from Malaysian Investment Development Authority for tax exemption entitlement. However, we cannot assure you that such strategy of development of new system will succeed or that we will obtain the MSC status and/or status from Malaysian Investment Development Authority for tax exemption entitlement. If we are unable to obtain a additional tax exemption after the expiration of the current tax exemptions enjoyed by us, this may result in higher tax liability for our Group and could have a material adverse effect on our results of operations, financial condition and prospects. Besides, our historical results of operations may not be indicative of our results of operations for future periods in light of the potential increase in the applicable income tax rates.

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Our clients may delay in settlement of our bills, which may result in a material adverse impact on our Group’s business, results of operations and financial condition.

As at 31 December 2014, 2015 and 2016, our trade receivables amounted to approximately RM12.1 million, RM14.8 million and RM15.4 million, respectively, representing approximately 66.6%, 78.4% and 66.0% of our current assets, respectively. As at 31 December 2014, 2015 and 2016, our trade receivables which were not settled for more than 30 days from the invoice date amounted to approximately RM6.4 million, RM7.9 million and RM6.7 million respectively, representing approximately 52.9%, 53.4% and 43.4% of our trade receivables, respectively, and our average trade receivables turnover days increased from approximately 71 days for each of the year ended 31 December 2014 and 2015 to approximately 75 days for the year ended 31 December 2016. The increase in our average trade receivables turnover days for the year ended 31 December 2016 when compared to the years ended 31 December 2014 and 2015 was mainly due to the implementation of the Goods and Services Tax since 1 April 2015 in Malaysia. For details, please refer to the section headed “Financial Information — Description of Certain Key Items of the Consolidated Statements of Financial Position — Trade receivables” in this document.

As a result, our business operations are subject to the risk of payment deferral by our clients. Our efforts in strengthening our trade receivables collection and management may be in vain and, we cannot assure you that we will be able to fully recover the outstanding amounts due from our clients, if at all, or that our clients will settle the amounts in a timely manner. If settlements by our clients are not made in full or in a timely manner, our business, results of operations, cash position and financial condition will be adversely affected.

Our operational infrastructure including the computer system and network may experience unexpected interruption, inadequacy, breakdown or failure, which could have a material adverse effect on our Group’s business, results of operations and financial condition.

The stability of our service is dependent upon our ability to protect our operational infrastructure including the computer system and equipment against damage or disruption as a result of human error, fire, power loss, telecommunication failure, sabotage, hackers and similar events. Any damage to or failure of our computer system and communication network could result in interruptions in, or termination of the services provided to our clients, would in turn have a material adverse effect on our business, results of operations, financial condition and reputation as an efficient provider of quality outbound contact service.

In addition, our operational system in our contact centres may be vulnerable to damage from fire, flood, power loss, telecommunication failures, computer virus, hackings and similar events. Any network interruption or inadequacy that causes interruptions in the connectivity of the system of our Group or failure to maintain the network and server or failure to solve such problems quickly could reduce the satisfaction of our clients. Furthermore, any security breach caused by hackings, which involve efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could have a material adverse effect on our business, day-to-day operation, financial condition and results of operations. There is no assurance that the safeguards and measures implemented to effectively protect and monitor our system, database and equipment will be completely free from any disruption, failure, breakdown or unauthorized access into the system and/or the database.

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We may be exposed to the risk of leakage of our trade secret in relation to our Tele Response Solutions system to our competitors.

Our Group’s self-developed CRM system, namely the Tele Response Solutions system, enables us to provide cost-efficient outbound contact services. The Tele Response Solutions system is a suite of software fully integrated with our telephony systems and contact centres which its software modules allow us to perform customisable and cost-efficient project management. Our Directors believe that it helps to enhance our Group’s competitiveness in terms of meeting clients’ specific requirements speedily without relying on external suppliers for customisation. We believe that the technical details and specifications of our Tele Response Solutions system is a trade secret to our Group and one of the keys to our on-going success. In the event that our efforts in information system security be in vain and there are any leakage of the source code or any of the technical details and specifications of our Tele Response Solutions system to our competitors, and that our competitors make use of such information to develop their own contact service system, our competitive advantage, goodwill and business maybe adversely affected.

Litigation may be necessary in future to enforce our intellectual property rights in relation to the Tele Response Solutions system, the costs for which could be substantial. Any adverse outcome in litigation or similar proceedings could adversely affect our business, results of operations, financial condition and prospects.

If we are unable to secure space for our contact centres on commercially acceptable terms or renew the existing leases, our business, results of operations and financial condition may be adversely affected.

When we expand our contact centre network by establishing new contact centres, availability of space at suitable locations on acceptable terms is one of the key factors that we have to consider. Since significant investment are involved mainly in the installation of facilities and equipment and decoration of the contact centres, our Group is cautious in the selection and leasing of premises for our contact centres.

As at the Latest Practicable Date, we have entered into six tenancy agreements for our contact centre operation which has a term of more than two years. For further details on properties leased by us for use as our contact centres, please refer to the section headed “Business — Properties” in this document. There is no assurance that we are able to lease suitable sites for new contact centres on terms that are acceptable to us on the basis of commercial considerations. In such case, our expansion plans and growth prospect may be materially and adversely affected.

Our ability to renew existing leases for contact centres upon their expiry is important to our operations. Our aggregate rental expenses in respect of contact centre and office premises were approximately RM2.1 million, RM2.4 million and RM2.6 million for the three years ended 31 December 2014, 2015 and 2016 respectively.

In the event of relocating contact centre, we shall normally schedule relocation during non-operating hours, weekends or public holidays, in order to minimize any disruption to the existing operation. We can try to minimise any disruption to our operations by planning and executing the relocation project before the expiry of the lease for our contact centre should the need for any relocation arise.

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There is no assurance that we are able to renew the existing lease arrangements on terms and conditions that are commercially acceptable to us or may have to renew such leases on a more expensive basis, thus increasing our costs of operation, or at all. If we fail to renew leases on terms commercially acceptable to us, we may have to incur additional costs in relocating our contact centres to less suitable locations and renovating such premises for use as contact centres accordingly.

We may be exposed to third party liabilities arising from claims due to the nature of service and content of the information delivered by us in our daily operations.

As a contact service provider, we may face liability for negligence, misrepresentation and other claims based on the nature of service and content of the information delivered through our services.

We could also be subject to claims based upon unauthorized use of personal data, negligence and misrepresentation during the provision of contact services. In providing contact services to our clients, we may be held liable for misrepresentation or negligence in delivering relevant information or messages to the call recipients of our clients. Third parties can lodge claims against us for losses incurred in reliance on any erroneous information distributed by us. We may incur significant costs in investigating and defending ourselves against these claims, even if no liability is eventually incurred or found by a court of law in a competent jurisdiction to have been incurred. These claims could have a material and adverse effect on our business and reputation.

Our contact services may be critical to the business and operations of our clients. If we provide wrong, false or misleading information in delivering our contact services which subsequently adversely affect the business of any of our clients, we may incur additional costs in rectifying such errors or defending any legal proceedings and claims brought by our clients against us. Consequently, this may affect our relationship with our clients and may result in negative publicity. Any defects or errors in our provision of contact services may result in delayed or lost revenue, adverse client relationship, negative publicity and additional costs.

We may encounter difficulty in achieving our business strategies.

Our business strategies as set out in this document are based on our existing plans and intentions. As they are formulated at the initial stage, these plans and intentions are subject to risks and uncertainties inherent in various stages of our development. The formulation of such plans and strategies are based on the assumptions as to the occurrence of future events (including but not limited to there being no material changes in the existing political, legal, fiscal, business, economic and/or market conditions and environment in Malaysia, no material changes in the bases or rates of taxation in Malaysia, and no significant changes in our business relationship with our existing clients), which may or may not happen. There is no assurance that our future plans will materialize, or be concluded in accordance with our intentions and schedule, or that our strategies will be fully or partially accomplished. Our business, results of operations and financial condition may be materially and adversely affected if our future plans do not materialize and our business strategies are not achieved.

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RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

There may be changes in the regulatory environment, especially the tightening of the personal data privacy laws and regulations, which could materially and adversely affect our business, results of operations and financial condition.

As an outbound contact service provider, our Group handles large amount of personal data provided by our clients and/or database owners we cooperated with on daily basis. Our business operation is thus sensitive to changes in the regulatory environment in Malaysia, especially the regulatory framework for personal data privacy. In light of the trends to tighten personal data privacy laws and regulations internationally, the PDPA, which regulates the processing of personal data in commercial transactions, came into effect on 15 November 2013 and prior to implementation of the PDPA, there were no laws or regulations governing the protection of personal data in Malaysia. We cannot assure you that there will not be any additional and/or more stringent laws and regulations governing the protection of personal data be introduced in the future. It is also impossible to ascertain the extent of the impact of any such laws and regulations on our operation. If we fail to adapt our operations to any new and/or amended laws and regulations that may come into effect from time to time, our business may be materially and adversely affected as extra costs and resources and changes to our operational systems and model will be incurred in complying with such laws and regulations.

In addition, there is no legal requirement at present in force pursuant to which we must obtain any licence, approval or consent to operate as a contact service provider in Malaysia save for those as specified in the sections headed “Regulatory Overview” and “Business — Legal Proceedings and Compliance — Licences, Permits and Approvals” in this document. There can be no assurance that there will not be any changes in the regulatory environment and legal framework in respect of the contact service industry in Malaysia, especially in the personal data protection. If there are such changes in the in regulatory environment, we may need additional resources and time for compliance or adjust our business model, and our business, results of operations and financial condition may be materially and adversely affected.

We need to keep up with rapid changes in information and communication technology.

The industry in which we operate is subject to rapid changes in information and communication technology. There can be no assurance that we can offer, or develop the expertise, experience and resources to offer, contact services to our clients on a timely and competitive basis with the benefit and in the context of the latest information and communication technology. We may incur significant costs in developing the operational systems and building up such resources and expertise in order to make use of the latest information and communication technology in the provision of contact services to and for our clients.

If we cannot keep abreast of technological developments in the contact service industry and provide our contact services to and for our clients with the latest information technological devices and communication techniques, this may have an adverse effect on the demand for our contact services, our results of operations and financial condition.

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We have to be able to maintain our competitiveness against our competitors.

We face intense competition in the contact service market in which we carry on our business and provides contact services to and for our clients. The Directors expect that competition will continue and may become stronger in the future. There is no assurance that we can maintain and enhance our competitive strengths at all times and that competitors will not develop the expertise, experience, operational systems and resources to provide such contact services on a more competitive basis in terms of price and quality as compared to the contact services provided by us.

RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA

Social, political, regulatory economic and legal developments, as well as any changes in Malaysian government policies, could materially and adversely affect our business and results of operations.

Our business, prospects, financial condition and results of operations may be adversely affected by social, political, regulatory and economic developments in Malaysia. Uncertainties in these areas include, but not limited to, the risks of war, regional conflicts, terrorism, extremism, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning methods of taxation. Any negative developments may adversely affect our business, financial condition, results of operations and prospects.

Currently, all of our operations are in Malaysia and our primary market is Malaysia. As Malaysia is expected to remain as our place of operation and core market in the foreseeable future, negative developments in the Malaysian economy may have a material adverse effect on our business. Although the overall Malaysian economic environment appears to be positive, there can be no assurance that this will continue to prevail in the future.

The Malaysian Ringgit may be subject to foreign exchange controls imposed by Malaysian government in the future or may be subject to exchange rate fluctuations.

The BNM has, in the past, intervened in the foreign exchange market to stabilise the Malaysian Ringgit, and it pegged the Malaysian Ringgit to the United States dollar in September 1998. On 21 July 2005, the BNM adopted a managed float system which benchmarked the Malaysian Ringgit to a currency basket to ensure that the Malaysian Ringgit remains close to its fair value. The Group cannot assure you that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government’s conduct of its domestic monetary policy and increased exposure of the Malaysian economy to the potential risks and vulnerability of external developments in the international markets.

In addition, we operate in Malaysia and most of our operating expenses are denominated in Malaysian Ringgit. In addition, the net proceeds from the [REDACTED] and any dividends that we pay on our Shares will be in Hong Kong dollars. Therefore, fluctuations in the Malaysian Ringgit’s value against Hong Kong dollars or other currencies may affect the relative purchasing power in Malaysian Ringgit terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the value of any dividend distributed by us. Any imposition, variation or removal of foreign

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exchange controls may adversely affect the value, translated or converted into Hong Kong dollars, of the Group’s net assets, earnings or any declared dividends. Consequently, this may adversely affect the Group’s ability to pay dividends or satisfy other foreign exchange requirements.

Our principal subsidiaries are incorporated in Malaysia and their main assets are located in Malaysia. It could be difficult to enforce a foreign judgment against the Malaysian subsidiaries, our Directors or senior management in Malaysia.

Our principal subsidiaries are incorporated under the laws of Malaysia. The majority of our Directors and members of our senior management are residents of Malaysia and a substantial portion of the assets and the assets of these Directors and senior management are located in Malaysia. Enforceability of certain foreign judgments in Malaysia is by virtue of the Reciprocal Enforcement of Judgments Act 1958, in which a foreign judgment must be registered before it can be enforced. The registration of such foreign judgments is only possible if the judgment is given by a superior court from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, which includes United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei Darussalam. In the event the foreign judgment is not from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, the only method of enforcement at common law, is by securing a Malaysian judgment. As a result, it could be difficult to enforce a foreign judgment against our Malaysian subsidiaries, our Directors and senior management in Malaysia.

RISKS RELATING TO THE [REDACTED]

You may have difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions.

We are an exempted company incorporated in the Cayman Islands and our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Law and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders may differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed “Summary of the Constitution of the Company and the Companies Law” in Appendix III to this document for further information.

There was no prior public market for our Shares and their liquidity and market prices following the [REDACTED] may be volatile.

Prior to the [REDACTED], there was no public market for our Shares. The initial [REDACTED] for our Shares was the result of negotiations among us and the [REDACTED], for themselves and on behalf of the [REDACTED], and the [REDACTED] may differ significantly from the market price for our Shares following the [REDACTED]. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active and liquid public trading market for our Shares will develop or, if it does develop, will be sustained following the [REDACTED] or that the market price of our Shares will not decline following

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the [REDACTED]. Furthermore, the market price and trading volume of our Shares may be volatile and may result in substantial losses for investors purchasing the [REDACTED] in the [REDACTED]. Factors such as the following may affect the market price and trading volume at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new initiatives by us or our competitors;
- changes in management or other key personnel of us or of our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in laws, regulations and policies affecting our industry in Malaysia;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us or other Shareholders.

You should note that the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme and an impact on future earnings.

We have conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to section headed “Statutory and General Information — Share Option Scheme” in Appendix IV to this document. The issue of any options which may be granted under the Share Option Scheme in the future will result in an increase in the number of Shares in issue and may result in the dilution of the percentage of ownership of our Shareholders, the earnings per Share and net asset value per Share.

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Future sale of our securities in the public market (or perception or speculation that such sales may occur) could have a material and adverse impact on the prevailing market price of our Shares.

The market price of the [REDACTED] could decline as a result of future sale of substantial amount of Shares or other securities relating to the Shares in the public market or the issuance of new Shares or other securities, or the perception or speculation that such sales or issuances may occur. Future sale of substantial amounts of our securities, including any future offerings, or the perception that such sales are likely to occur, may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem to be appropriate.

While the Shares held by our Controlling Shareholders are subject to a lock-up period, details of which are set out in the section headed “[REDACTED] — [REDACTED] Arrangements and Expenses — Undertakings” in this document, we are not in a position to give any assurances that they will not dispose of any Shares during the relevant periods. If any of their undertakings are waived or breached, or after the restrictions lapse, any future sales of a substantial number of our Shares or the perception or speculation that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders will, upon the completion of the [REDACTED] and the [REDACTED], beneficially own [REDACTED]% of our outstanding share capital. As such, our Controlling Shareholders will have substantial control over our business. By virtue of their ownership of our share capital as well as their positions on our Board, they will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;
- selection of senior management members;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Articles of Association.

The interests of our Controlling Shareholders may differ from the interests of other Shareholders, and they are free to exercise their votes according to their own interests. For example, our Controlling Shareholders may choose to cause our business to pursue strategic objectives that conflict with our other Shareholders’ interests. In the event that the interests of our Controlling Shareholders conflict with those of other Shareholders, our other Shareholders may be disadvantaged as a result.

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Facts, forecasts and statistics relating to Malaysia, the Malaysian economy and industry which we operate may not be fully reliable.

Facts, forecasts and statistics in this document relating to Malaysia, the Malaysian economy and the industry which we operate are derived from various publications of government agencies or other independent third parties, and commissioned research reports which our Directors believe are reliable. We cannot guarantee, however, the quality or reliability of these materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any material fact has been omitted that would render such information false or misleading. The information has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. Therefore, you should not unduly rely on such facts, forecasts and statistics.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our principal business operations are primarily located, managed and conducted in Malaysia. All our executive Directors and senior management members are based in Malaysia as we believe it is more effective and efficient for our executive Directors and senior management to be based in a location where we have significant operations. We therefore do not, and in the foreseeable future will not, have a management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, namely Mr. Kwan Kah Yew and Mr. Chan Hoi Kuen Matthew. The authorized representatives will act as our principal channel of communication with the Stock Exchange. The authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of the authorized representative is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) each of the authorized representatives will have all necessary means to contact all the Directors promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters. We will implement a policy whereby:
 - (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to these authorized representatives; and
 - (ii) in the event that a Director expects to travel and or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to these authorized representatives;
- (c) we shall promptly inform the Stock Exchange of any changes on the authorized representatives;
- (d) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (e) we have appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules to act as our additional channel of communication with the Stock Exchange and the representative(s) of the compliance adviser will be fully available to answer enquiries from the Stock Exchange. The compliance adviser will have access at all times to the authorized representatives, the Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company; and
- (f) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong prior to the Listing and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

WAIVER IN RELATION TO THE APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, an issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules sets out academic or professional qualifications to be considered acceptable by the Stock Exchange:

- (a) a member of the Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules sets out factors the Stock Exchange considers in assessing an individual’s “relevant experience”:

- (a) length of employment with the issuer and other issuers and the role he played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Yau Chung Hang (“**Mr. Yau**”) and Mr. Wong Weng Yuen (“**Mr. Wong**”) as joint company secretaries. Mr. Yau, being a member of both the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, satisfies the requirements under Rules 3.28 and 8.17 of the Listing Rules, while Mr. Wong, who is a member of the Association of Chartered Certified Accountants and has more than 20 years of experience in accounting and finance management, does not possess the specified qualifications required by Rule 3.28 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Therefore, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules and the following arrangements have been made to satisfy those requirements:

- (a) our Company has appointed Mr. Yau, who meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with and provide assistance to Mr. Wong in discharge of his duties as company secretary for an initial period of three years commencing from the [REDACTED] so as to enable Mr. Wong to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a company secretary;
- (b) our Company will further ensure Mr. Wong has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Company’s Hong Kong legal adviser has provided training relating to the Listing Rules to Mr. Wong; and
- (c) upon expiry of Mr. Wong’s initial term of appointment as a joint company secretary of our Company, our Directors will evaluate Mr. Wong’s experience in order to determine if Mr. Wong has acquired the qualifications required under Rule 3.28 of the Listing Rules and whether on-going assistance shall be arranged. In the event that Mr. Wong has obtained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules, the joint company secretaries arrangement shall cease and the waiver will be revoked accordingly.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Ng Chee Wai (<i>Chairman</i>)	No. 5, Jalan Jalil Perkasa 6 Bukit Jalil Golf & Country Resort 57000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian
Lee Koon Yew	No. 154, Jalan Cempaka Hutan, Sierramas 47000, Sungai Buloh Selangor Darul Ehsan Malaysia	Malaysian
Kwan Kah Yew	No. 1 Jalan Damai Perdana 1/4H Bandar Damai Perdana Cheras 56000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian
<i>Independent non-executive Directors</i>		
Lee Shu Sum Sam (李樹深)	Unit A, G/F, Tower 5 Parc Oasis 35 Tat Chee Avenue Yau Yat Chuen Kowloon Hong Kong	Chinese
Kow Chee Seng	No. 14, Jalan C Off Jalan Jambu, Taman Batu 52000 Kuala Lumpur Malaysia	Malaysian
Chan Hoi Kuen Matthew (陳海權)	Flat 409, 4/F, Block D Chun Yat House Ko Chun Court Yau Tong Kowloon Hong Kong	Chinese

Please refer to the section headed “Directors and Senior Management” in this document for further details.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CLC International Limited

13/F, Nan Fung Tower

88 Connaught Road Central

Central

Hong Kong

(a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)

[REDACTED],
[REDACTED] and
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to the Company

as to Hong Kong laws

F. Zimmern & Co.

Solicitors & Notaries

Rooms 1002–1003

10th Floor

York House

The Landmark

15 Queen’s Road Central

Hong Kong

as to Malaysian laws

Ben & Partners

7-2, Level 2

Block D2

Dataran Prima

Jalan PJU 1/39

47301 Petaling Jaya

Selangor Darul Ehsan

Malaysia

as to Cayman Islands laws

Conyers Dill & Pearman

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

**Legal Advisers to the Sole Sponsor
and [REDACTED]**

as to Hong Kong laws

Sidley Austin

39/F

Two Int’l Finance Centre

Central

Hong Kong

Auditors and Reporting Accountants

RSM Hong Kong

Certified Public Accountants

29/F, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

Industry Consultant

Frost & Sullivan International Limited

Unit 08 26/F

No. 9 Queen’s Road

Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance Adviser

CLC International Limited

13/F, Nan Fung Tower

88 Connaught Road Central

Central

Hong Kong

(a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)

Internal Control Consultant

RSM Consulting (Hong Kong) Limited

29/F, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in Malaysia	Tingkat 10 Bangunan KWSP No. 3, Changkat Raja Chulan 50200 Kuala Lumpur Malaysia
Principal Place of Business in Hong Kong	Rooms 1002–3, 10/F, York House The Landmark 15 Queen’s Road Central Hong Kong
Joint Company Secretaries	Mr. Yau Chung Hang (CPA, FCCA) Flat F, 49/F, Block 7 Central Park Tower II Tin Shui Wai New Territories Hong Kong Mr. Wong Weng Yuen (FCCA) 42A, Jalau Seri Taming 6 Taman Seri Taming 43200 Batu 9 Cheras Malaysia
Authorized Representatives	Mr. Kwan Kah Yew Mr. Chan Hoi Kuen Matthew
Audit Committee	Mr. Kow Chee Seng (<i>Chairman</i>) Mr. Lee Shu Sum Sam Mr. Chan Hoi Kuen Matthew
Remuneration Committee	Mr. Chan Hoi Kuen Matthew (<i>Chairman</i>) Mr. Kow Chee Seng Mr. Lee Shu Sum Sam Mr. Lee Koon Yew
Nomination Committee	Mr. Lee Shu Sum Sam (<i>Chairman</i>) Mr. Kow Chee Seng Mr. Chan Hoi Kuen Matthew Mr. Kwan Kah Yew

CORPORATE INFORMATION

Cayman Islands [REDACTED]

[REDACTED]

Hong Kong [REDACTED]

[REDACTED]

Principal Bankers

CIMB Bank Berhad

Level 13, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Bank Islam Malaysia Berhad

32nd Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Malaysia

Company Website Address

www.unitedteleservice.com (the contents of the website do not form part of this document)

INDUSTRY OVERVIEW

This section contains certain information which is derived from various official government or publicly available sources and from the industry research report prepared by Frost & Sullivan which was commissioned by us, unless otherwise indicated. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. While we have exercised reasonable care in compiling and reproducing such information from official government publication, it has not been independently verified by us, the Sole Sponsor, the [REDACTED] or any other party involved in the Listing or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

The information extracted from the industry research report from Frost & Sullivan reflects estimates of market conditions based on samples, and is prepared primarily as a market research tool. While the Sole Sponsor and our Directors have exercised reasonable care in reproducing market data disclosed in this document, and have no reasonable ground to believe and do not believe that any such information being included in this document is untrue, such information has not been independently verified by our Directors, the Sole Sponsor, the [REDACTED] or any other party involved in the Listing or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an Independent Third Party, to produce the Industry Research Report on Malaysia’s outsourced and outbound and inbound contact service industry, at a total fee of HK\$550,000. The report prepared by Frost & Sullivan is independent from our influence. The payment of such amount was not contingent upon the success of the Listing or upon the results of the Industry Research Report.

Frost & Sullivan is an independent global consulting company founded in 1961 and based in the United States. Its services include industry research and market strategies and provides growth consulting and corporate training. Frost & Sullivan’s research was undertaken through both primary and secondary research. Primary research involved discussion of the industry status with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

Frost & Sullivan considers the source of information as reliable because (i) it is general market practice to adopt official data and announcements from various Malaysia government departments; and (ii) the information obtained from interviews is for reference only and the findings in the Industry Research Report are not based on the results of these interviews. Frost & Sullivan has proven track records in providing market research studies to government departments and agencies and private clients in the regions where the Industry Research Report covers.

INDUSTRY OVERVIEW

The analysis in the Industry Research Report is based on the following assumptions, which include (i) Malaysia’s economy is likely to maintain steady growth in the next decade; (ii) Malaysia’s social, economic, and political environment is likely to remain stable in the forecast period; and (iii) key industry drivers are likely to drive the market over the forecast period.

Some of the information extracted from the Industry Research Report are also referred to in the sections headed “Summary,” “Risk Factors,” “Business” and “Financial Information” in this document. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Industry Research Report which may qualify, contradict or have an impact on the information in this section.

MACRO-ECONOMIC ENVIRONMENT IN MALAYSIA

Malaysia’s Economy

Malaysia’s economy continued to benefit from the gradual global economic recovery since 2010. The economic restructuring and financial sector reforms undertaken have also well positioned Malaysia to improve its macroeconomic foundations. The growth of private sector-led domestic demand has remained the key growth driver in recent years. Malaysia’s real GDP maintained a steady growth rate ranged from 4.7% to 6.0% from 2010 to 2015.

With the high degree of openness of the Malaysian economy and the increased integration with the international financial system, Malaysia’s economy is projected to have a healthy growth. Malaysia also adopted measures such as reducing percentage of the Employees Provident Fund and individual income tax of low income groups so as to stimulate domestic consumption. With the ongoing implementation of economic reforms, Malaysia’s real GDP is expected to grow steadily from 2015 to 2020 at a range from 4.4% to 5.0%.

Annual Household Income of Malaysia

In line with the growing Malaysia economy and continuous growth of per capita annual income in Malaysia, the annual household income increased from RM51,922 in 2010 to approximately RM78,967 in 2015, growing at a CAGR of approximately 8.7%. Driven by the continuous growth in employment, support from government measures targeted at enhancing household income, it is estimated that the annual household income will reach approximately RM112,582 by 2020 with a CAGR of approximately 7.4% from 2015 to 2020.

Annual Household Expenditure of Malaysia

The annual household expenditure in Malaysia has increased from RM28,991 in 2010 to approximately RM46,631 in 2015, growing at a CAGR of approximately 10.0%. The annual household expenditure is expected to continue to be supported by wage growth and stable employment conditions in the next five years. The growth of Malaysia’s per capita annual income has demonstrated positive effect on Malaysian’s purchasing power. According to the Industry Research Report, it is expected that, annual household expenditure of Malaysia will increase to approximately RM67,224 in 2020, with a CAGR of approximately 7.6% from 2015 to 2020.

INDUSTRY OVERVIEW

Market Size of Finance and Insurance Service Industry in Malaysia

According to the Industry Research Report, being a major financial hub in ASEAN, Malaysia has shown strong financial and business capabilities. The market size of finance and insurance services in Malaysia in terms of real GDP has expanded from approximately RM61.5 billion in 2010 to approximately RM74.9 billion in 2015, growing at a CAGR of approximately 4.0%. The increase in market size is mainly as a result of a well developed supervisory and regulatory regime and a well-capitalised banking system. Besides, due to the improving investment appetite and rapid expansion of life insurance, it is expected that the finance and insurance service sector in Malaysia will maintain its growth, from approximately RM74.9 billion in 2015 to approximately RM86.7 billion in 2020, growing at a CAGR of approximately 3.0%. Besides, the implementation of the ASEAN Economic Community and the National Consumer Policy of Malaysia, is expected to further bolster financial related service business, including outsourced contact service industry in Malaysia.

THE OUTSOURCED CONTACT SERVICE INDUSTRY IN MALAYSIA

There are two types of contact centre outsourcing in Malaysia, namely (i) outsourced outbound contact centre; and (ii) outsourced inbound contact centre. The outsourced contact service industry in general refers to the outsourcing of contact centre operations of a company to a third-party contact service provider.

According to the Industry Research Report, the total revenue of the outsourced contact service industry in Malaysia increased from approximately RM1,154.0 million in 2010 to approximately RM2,160.6 million in 2015, growing at a CAGR of approximately 13.4%, mainly driven by the increase in demand for outsourced contact services as a result of the increase in consumer purchasing power and demand for quality customer services.

Key markets of outsourced contact service industry in Asia Pacific region include India, Philippines, Japan, China, Australia, South Korea and Malaysia. According to the Industry Research Report, in 2015, Malaysia ranked the 7th in Asia Pacific region in terms of revenue.

Price trend of labour costs of the outsourced contact service industry in Malaysia

The major operating cost in outsourced contact service industry in Malaysia is the labour cost for telemarketing sales representatives. With the growing per capita income and rapid development of Malaysia's economy, the average monthly wage of labour in Malaysia has increased from approximately RM1,816 in 2010 to approximately RM2,312 in 2015.

INDUSTRY OVERVIEW

THE OUTSOURCED OUTBOUND CONTACT SERVICE INDUSTRY IN MALAYSIA

Overview

Outsourced outbound contact services refers to the telemarketing or market research activities that are outsourced to a third-party contact service provider. The contact service providers are responsible for the telemarketing or information collection of the clients, including product and business promotion, service advertising, product sales, information/data collection, telephone survey etc.

Under the outsourced outbound contact service model, the upstream entities are the product or service providers such as banks and insurance companies in financial sectors, that seek marketing solutions due to limitation of own human resources or lack of budget to build in-house contact centre to make direct contact or telemarketing promotion to potential consumers. Outsourced outbound contact service providers served as the midstream alternative telemarketing service provider that allow these upstream product or service providers to outsource their telemarketing business by playing the role as a bridge between the upstream product or service providers and the downstream potential end-users. In recent years, in order to minimize operational cost and optimise human resources management, increasing number of product or services providers in Malaysia, including financial institutes and telecommunication service providers have outsourced direct marketing to independent contact services providers.

Some of these upstream product or service providers select and obtain appropriate potential customers list and contacts from third party owners in order to broaden their customer base and expand the reach of their products or services. These third party database owners, include banks, credit card companies and telecommunication companies which possess large amount customers’ details, realise the value of their large amount customers’ details by providing them to these upstream product or service providers. The outsourced outbound contact service providers in the provision of their services rely on the clients (i.e. the upstream product or service providers) for the database. Such database are either possessed by these upstream product or service providers or obtained from third party owners. These third party database owners therefore act as providers of database of potential customers list to the upstream product or service providers and these third party database owners are paid for the use of the database by the upstream product or service providers.

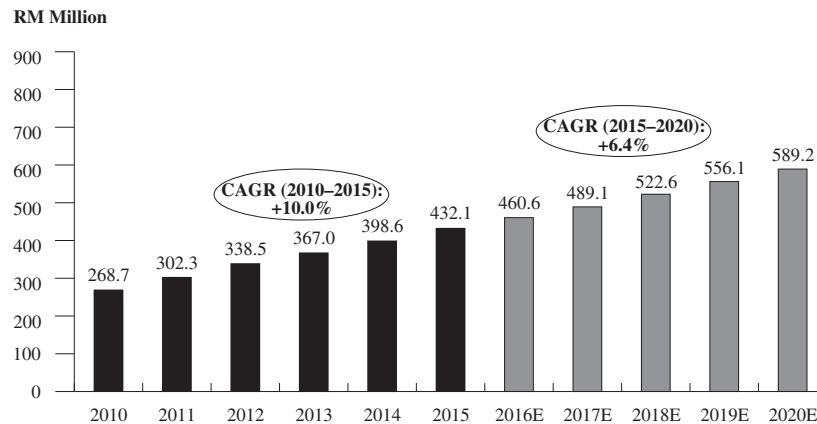
Market size of outsourced outbound contact service industry in Malaysia

According to the Industry Research Report, the total revenue of outsourced outbound contact service industry in Malaysia increased from approximately RM268.7 million in 2010 to approximately RM432.1 million in 2015, growing at a CAGR of 10.0%. This is driven by the booming demand for telemarketing services from the finance and insurance industries and rising private income and household purchasing power. The market size is expected to grow at a CAGR of approximately 6.4% and increase to approximately RM589.2 million in 2020, mainly attributable to a steady growth in the

INDUSTRY OVERVIEW

Malaysian economy, which drives the development of upstream industries and increase the demand for telemarketing services. The following table sets forth the total revenue of the outsourced outbound contact service industry in Malaysia from 2010 to 2020, respectively:

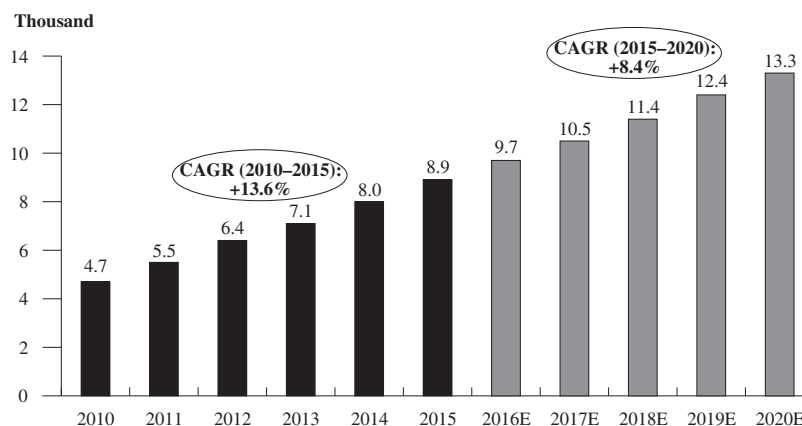
Revenue of Outsourced Outbound Contact Service Industry in Malaysia



Source: Frost & Sullivan

The number of seats of outsourced outbound contact centre service industry in Malaysia increased at a CAGR of approximately 13.6% from approximately 4,700 seats in 2010 to approximately 8,900 seats in 2015. Such increase corresponds with the increase in total revenue during the same period. The number of seats is expected to reach approximately 13,300 seats in 2020, growing at a CAGR of approximately 8.4% from 2015 to 2020, due to the rapid development of the finance and insurance industry seeking external support for their product sale. The following table sets forth the number of seats of the outsourced outbound contact service industry in Malaysia from 2010 to 2020, respectively:

Seat Number of Outsourced Outbound Contact Service Industry in Malaysia



Source: Frost and Sullivan

INDUSTRY OVERVIEW

Competitive landscape and entry barriers

There are approximately 200 service providers in Malaysia providing outsourced outbound contact services in 2015. The outsourced outbound contact service market is relatively concentrated with the top five outsourced outbound contact service providers taking up approximately 70.4% of the market share in terms of revenue in 2015. We were the third largest service provider with a market share of approximately 16.0% in terms of revenue in 2015.

The following table sets forth the top five service providers in the outsourced outbound contact service industry in Malaysia in 2015:

Ranking	Company ^(Notes)	Market Share (%)
1	Company A	22.4
2	Company B	17.0
3	Our Group	16.0
4	Company C	10.9
5	Company D	4.1
Others		29.6
Total		100.0

Note:

- (1) Each of Company A, Company B, Company C and Company D also provides inbound contact service in Malaysia. Company A, Company B, Company C and Company D ranked 1st, 2nd, 3rd and 5th, respectively, in the inbound contact service industry in Malaysia in terms of revenue in 2015.
- (2) All of the top five service providers rely on their clients for database, such clients possessed or obtained from third party, to be used in their operations.

Source: Frost and Sullivan

The major entry barriers to the outsourced outbound service industry in Malaysia include (i) inadequate industry experience in upstream clients and downstream consumers’ preferences; (ii) lack of investment capacity to compete with the established service providers; and (iii) difficulty for new entrants to establish their industry reputation so as to obtain business from clients.

Competitive advantages of the Group

Proactive in connecting database owners and potential clients. Conventionally, financial product owners or insurance companies which intend to outsource their telemarketing function would obtain database from relevant database owners before engaging appropriate outsource outbound contact service provider to execute their telemarketing projects. Under this conventional approach, outbound contact service providers usually passively wait and bid for projects offered by potential clients and have little or no input to the product and specifications of project management. According to the Industry Research Report, most of the outbound contact service providers in Malaysia adopt this conventional business model, rather than adopting the business model of the Group where the Group assists the database owners to identify potential products or services owners which could make use of their database and

INDUSTRY OVERVIEW

proactively connecting the database owners with such potential products or services owners, and in turn creating business opportunities by delivering outbound contact service to such products or services owners using the database obtained from the database owners. According to the Industry Research Report, this innovative business model is one of the Group’s competitive edge in Malaysia’s outsource outbound contact service market.

Specialised in Insurance, Banking and Financial Sector. The Group has strong capability of providing a wide range of services to clients. In particular, the Group has acquired extensive telemarketing and marketing promotion experience in relation to the insurance, banking and financial sector. Most of the revenue is derived from the clients from the insurance sector, and the banking and financial sector.

Experienced and Professional Management Team. The Group has acquired around nine years of experience in outsourced outbound contact service industry in Malaysia. Most of the members in our senior management team had rich experience in insurance companies. Some of our Directors have more than 15 years of experience in telemarketing and/or insurance companies, which enables the Group stay on a positive development track in the future.

Future opportunities of the outsourced outbound contact service industry in Malaysia

Data Analysis Support. There has been growing awareness of using data analysis in marketing decision and user analysis. Data analysis of downstream consumers could improve the success rate of telemarketing and therefore the application of data collection and analysis is anticipated as an emerging opportunity for the outsourced outbound contact service providers.

Higher Standard of Living. Consumer demand for high quality products or services is expected to increase in Malaysia as a result of rapid economic development. This would bring more opportunities for outsourced outbound contact service industry as more high-end products and service may seek effective marketing channels for sales and promotion.

Growth drivers of the outsourced outbound contact service industry in Malaysia

Growing household expenditures. The Malaysian government has set goal to achieve high-income nation by 2020. The continuous government effort drove the growth of the annual household expenditure from approximately RM28,991 in 2010 to approximately RM46,631 in 2015, at a CAGR of approximately 10.0%. Benefiting from growing household expenditure, demand for consumer-related marketing services from upstream product and service providers, such as outbound contact services, increased significantly. The increasing trend of household expenditures is estimated to continuously drive the consumer market and thus the continuous growth of outsourced outbound contact service industry.

Household Income Growth. The household income in Malaysia also grew robustly in the past years. The household income in Malaysia increased from approximately RM51,922 in 2010 to approximately RM78,967 in 2015, with a CAGR of approximately 8.7%. The growth of household income contributed to the rapid increase in household expenditure in recent years.

INDUSTRY OVERVIEW

Market Performance of Financial Sector. A large number of clients from financial, insurance and other business industries in Malaysia rely on the provision of outsourced outbound contact services to conduct marketing promotion. The market performance of financial and other business services also developed steadily in recent years. The market size of the finance and insurance service industry increased from approximately RM61.5 billion in 2010 to approximately RM74.9 billion in 2015, and it is expected to maintain the steady growth rate in the coming years. As a result, it is expected that the outsourced outbound contact services industry will further develop and grow.

Improving System Technologies. The development of computer sciences and the internet has introduced advanced technologies such as cloud-based contact centre system and multimedia contact centre system to the market. In addition, big data analysis of downstream consumers may be applied to catch consumers’ behaviour and habits so as to adopt more efficient telemarketing plans. Such new developments in systems and technologies may improve the user experience of the telemarketing sales representatives in delivering the outbound contact services with more user-friendly interface and advanced calling features and in turn enhanced their efficiency and service quality. Together with the lower operational costs of these new systems and technologies, the provision of outsourced outbound contact services is expected to maintain the growth momentum in the future.

Threats to the outsourced outbound contact service industry in Malaysia

Rising Cost in Human Resources. The outsourced outbound contact service industry is a labour intensive industry which requires substantial human capitals. The average monthly wage of labour in Malaysia has increased from approximately RM1,816 in 2010 to approximately RM2,312 in 2015. The rising labour cost in Malaysia would reduce the profit margin for the service providers.

Intensive Market Competition. The growing demand for outsourced outbound contact services increases the number of service providers in the market, in which market competition intensified. This may lead to lower profit margin and the service providers may cooperate with upstream clients through formation of partnerships.

Market trend of the outsourced outbound contact service industry in Malaysia

Market Consolidation. With the increasing demand for outsourced outbound contact services and growing popularity of telemarketing as a marketing tool, outbound contact service providers have been expanding their services capabilities and scales through activities such as mergers and acquisition together with hiring more staffs and pitching more potential upstream clients. It is expected that outbound contact service providers will also diversify the service scopes to include provision of market survey services, data and information collection etc. Scale expansion and market consolidation are therefore likely to be a market trend in the near future.

Diversified Industrial Division. Outsourced outbound contact service providers may set up various industry divisions such as financial industry division and insurance industry division in the future to offer more specialized service for different upstream clients. Each industry division would be assigned to personnel with relevant industry knowledge, which allows service providers to deliver more precise and technical information to downstream consumers by exert their professional knowledge and thus providing more effective services for the upstream clients.

INDUSTRY OVERVIEW

Increasing Professionalised Services. Outsourced outbound contact service providers acts as the communication means between the upstream clients and downstream consumers, professionalised service is therefore required for the provision of outbound contact services due to the technical innovation and changes in consumer behaviour. According to the Industry Research Report, outbound contact service providers is likely to boost up market competitiveness by recruiting more talented agents who possess multi lingual abilities or has rich marketing experience, and organising regular staff training, etc.

THE OUTSOURCED INBOUND CONTACT SERVICE INDUSTRY IN MALAYSIA

Overview

Outsourced inbound contact services refers to the telephone customer services such as customer enquiry, after service calls, product and service inquiries that are outsourced to a third-party contact service provider. The contact service providers are responsible for customer enquiry response and relationship maintenance.

Under the outsourced inbound contact service model, potential or existing customers no longer make direct contact with the product or service providers for after-sales services or information enquiry. Outsourced inbound contact service providers plays the role of intermediary to receive enquiry calls from consumers on behalf of the product or service providers to offer customer relationship maintenance services such as providing solutions or receiving comments and complaints of the products or service from consumers. As a result, in order to provide information and assistance to existing and potential customers, such inbound contact services are essential for product and service providers to maintain customer relationship and offer after-sales services.

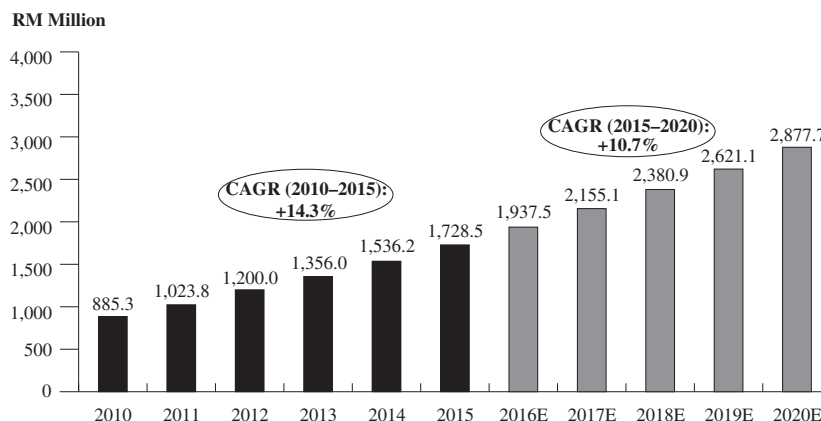
Market size of outsourced inbound contact service industry in Malaysia

According to the Industry Research Report, the total revenue of outsourced inbound contact service industry in Malaysia increased from approximately RM885.3 million in 2010 to approximately RM1,728.5 million in 2015, growing at a CAGR of 14.3%. This is driven by the booming development of downstream industries such as banking, insurance and consumer goods industries. The market size is expected to grow at a CAGR of approximately 10.7% and increase to approximately RM2,877.7 million in 2020, mainly attributable to a healthy growth in the Malaysian economy and household income, and

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higher standard of living which brings more customer service opportunities. The following table sets forth the total revenue of the outsourced inbound contact service industry in Malaysia from 2010 to 2020, respectively:

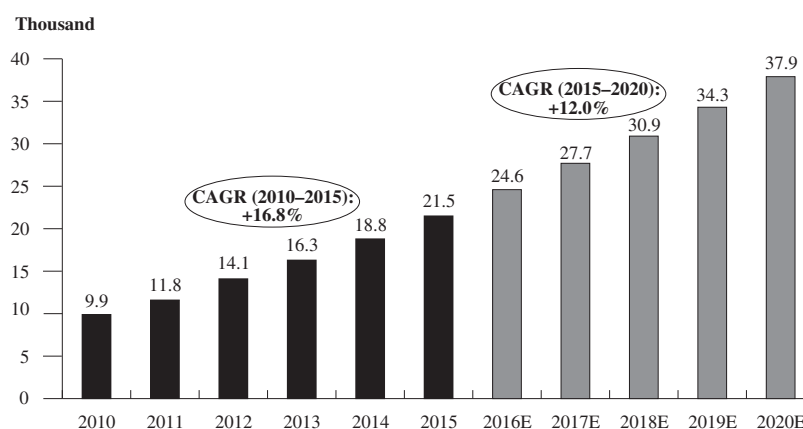
Revenue of Outsourced Inbound Contact Service Industry in Malaysia



Source: Frost & Sullivan

According to the Industry Research Report, the number of seats of outsourced inbound contact service industry in Malaysia increased from approximately 9,900 seats in 2010 to approximately 21,500 seats in 2015, growing at a CAGR of approximately 16.8%, so as to cater for the increasing demand for outsourced inbound contact services. The number of seats is expected to reach approximately 37,900 seats in 2020, growing at a CAGR of approximately 12.0% from 2015 to 2020, due to the relatively lower labour cost in Malaysia which makes Malaysia relatively more appealing to multinational companies who seek to outsource their inbound contact centre. The following table sets forth the number of seats of the outsourced inbound contact service industry in Malaysia from 2010 to 2020, respectively:

Seat Number of Outsourced Inbound Contact Service Industry in Malaysia



Source: Frost and Sullivan

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Competitive landscape and entry barriers

There are approximately 200 service providers in Malaysia providing outsourced inbound contact services in 2015. The outsourced inbound contact service market is relatively concentrated with the top five outsourced inbound contact service providers taking up approximately 43.8% of the market share in terms of revenue in 2015.

The following table sets forth the top five service providers in the outsourced inbound contact service industry in Malaysia in 2015:

Ranking	Company ^(Note)	Market Share (%)
1	Company A	16.8
2	Company B	12.7
3	Company C	8.2
4	Company E	3.1
5	Company D	3.0
Others		56.2
Total		100.0

Notes: Each of Company A, Company B, Company C and Company D ranked 1st, 2nd, 4th and 5th, respectively, in the outbound contact service industry in Malaysia in terms of revenue in 2015.

Source: Frost and Sullivan

The major entry barriers to the outsourced inbound service market in Malaysia include (i) lack of a skilled and stable labour force; (ii) lack of investment capacity to compete with the existing service providers; and (iii) difficulty for new entrants to establish client base due to existing long term cooperation between existing service providers and client.

Future opportunities of the outsourced inbound contact service industry in Malaysia

Cost-effective Service Solution. Outsourced inbound contact services are relatively more cost-effective and manageable for the product and service providers when compared with building its own in-house contact centres. Therefore, an increasing number of product and service providers are expected to outsource the inbound contact centre to manage customer relationship and after-sales service in the future.

Customised Service Scope. An increasing number of product and service providers in Malaysia are likely to seek customised inbound contact service in the future and will be offered to the specific end-user bases. This could bring more business opportunities for outsourced inbound contact service providers that possess multi-lingual service capacity and a professional agent team.

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Growth drivers of the outsourced inbound contact service industry in Malaysia

Growing Consumption Power of Residents. Malaysia’s household expenditure and income grew at a CAGR of approximately 10.0% and 8.7%, respectively, from 2010 to 2015. The growing consumption power stimulated domestic consumption and also derive the demand for better after-sales service and other information enquiry services for certain products and services, which are closely related to the service scope of outsourced inbound contact centre. Individuals with higher consumption power are in the position to make discretionary spending and purchases after covering basic expenses, which in turn increases the spending on insurance coverage and related queries and customers’ services. Therefore, growing consumption power of Malaysia’s residents is expected to boost the development of Malaysia’s outsourced inbound contact service industry.

Higher standard of living. The increase in per capita income raises the standard of living in Malaysia, consumers demand and expect to receive higher quality of products and services. Product and service providers have to keep up with the consumption trend in order to maintain its customer bases. Outsourced inbound contact service providers therefore act as a communication means between consumers and the product and service providers. This in turn increase the demand for outsourced inbound contact services.

Language Diversity in Malaysia. Malaysia is an unique multi-ethnic country where languages such as Bahasa Melayu, English, Chinese and Hindi are widely used. Language diversity is an important driver that a growing number of multinational product and service providers outsourced their inbound contact centre to Malaysia-based contact service providers.

Improving System Technologies. Outsourced inbound contact services industry is a labour-intensive industry aiming for high service qualities. Advanced contact centre systems also contribute to the growth of outsourced inbound contact service industry as new developments in systems have enhanced interaction and communication between end-customers and their call respondents. Call redirecting system, for instance, is a kind of telephone switching system which automatically redirects calls to another available call respondent so as to shorten the call waiting time. New systems, including call redirecting system, automated responded system, call queuing system, have resolved the geographical constraints, improved operational efficiency and improved user experiences of callers of inbound contact services. The deployment of such improved system technologies would enable outsourced inbound contact service providers to provide inbound contact services in a more efficient manner and at a relatively lower costs, which in turn attract potential clients to outsource their inbound contact services.

Threats to the outsourced inbound contact service industry in Malaysia

High Labour Mobility. Inbound contact service industry requires constant and relentless service operation of agents, which usually poses heavy working pressure and stress to employees and result in high labour mobility. High labour mobility and employee stress management remain the major challenges for inbound contact centres which relied heavily on their employees for the provision of services.

Competition. There exists hundreds of small scale service providers in Malaysia that lack experienced operation team and therefore offer poor quality service. Such competition may adversely affect industry reputation and also poses threat to other services providers in the inbound contact service industry.

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Market trend of the outsourced inbound contact service industry in Malaysia

International Business Expansion. Language diversity gives Malaysia an incomparable advantage in the provision of outsourced inbound contact services. There is therefore a growing trend that Malaysian inbound contact centres are outsourced not only by local corporations but also international entities. Such international business expansion is expected to be an underlying development for Malaysia’s outsourced inbound contact service providers.

Technological Innovation. Implementation of innovative telecommunications technologies, such as intelligent routing of calls across agents and physical sites, automated interaction with customers, together with further technological innovation, are gradually widely used in the contact service industry which allow efficient interaction with consumers. These have effectively improved user experiences and optimised operational management of the inbound contact centres. Thus, technical upgrading is likely to be a prominent trend in the future.

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Pursuant to the Financial Services Act 2013 and Islamic Financial Services Act 2013 (collectively referred to as, “**Financial Services Secrecy Laws**”), blanket approval is granted to licensed banks, licensed Islamic banks, licensed insurers, licensed takaful operators and licensed investment banks respectively (collectively referred to as “**Licensed Institutions**”) to appoint “person engaged to perform outsourced function” (“**Outsourced Service Provider**”) to perform their non-core functions with the objective of enabling Licensed Institutions to accord greater focus to their core businesses and enhance their efficiency levels. Non-core functions which are permitted to be outsourced to Outsourced Service Provider include marketing and promotional services of financial products, Islamic financial products, insurance products and takaful products. Generally, the Licensed Institutions remain responsible to ensure compliance with the relevant legislations notwithstanding that the Licensed Institutions may have outsourced their non-core functions to Outsourced Service Provider. Nonetheless, the Group, which is engaged to perform such non-core functions i.e. outbound telemarketing services of financial products, Islamic financial products, insurance products and takaful products for the Licensed Institutions is required under the law to comply with certain legislations in particular those governing financial services secrecy and personal data protection. We have set out below a summary of salient Malaysian legal and regulatory provisions that have a material impact to the Group’s business operations. As it is in the form of a summary, it does not contain all legal and regulatory provisions that may be applicable to the Group’s business operations in Malaysia. Any investor who wishes to have a detailed description of the laws of Malaysia in relation to our operations is recommended to seek and consult their own independent legal advisers.

Financial Services Secrecy

The Financial Services Secrecy Laws impose secrecy restriction which prohibits any person who has access to any document or information relating to the affairs or account of any customer of the Licensed Institutions from disclosing to another person such documents or information. Thus, as advised by the Malaysian Legal Advisers, the database owners who are not Licensed Institutions, are *not* subject to the Financial Services Secrecy Laws, while for the database owners who are Licensed Institutions, they are prohibited from disclosing information relating the “*the affairs or account of any customer*” of theirs to another person pursuant to Financial Services Secrecy Laws. However, such secrecy restriction does not apply to information that is in the form of a summary or collection of information set out in such manner which does not enable information relating to any particular customer of the Licensed Institution to be ascertained from it.

Further, as advised by the Malaysian Legal Advisers, disclosure of such information are permitted if:

- (1) disclosure to such person and for such purpose as permitted in writing by the customer; or
- (2) disclosure is made by the Licensed Institutions to the Outsourced Service Providers,

(collectively the “**Permitted Disclosure**”).

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Based on the above, as advised by our Malaysian Legal Advisers, notwithstanding the operative models in question or whether the Database Owner is the client of our Group or otherwise, consent may be obtained in writing from the customers to disclose document or information relating to the affairs or account of a customer to third party partners (e.g. the client) for marketing and/or promotional purpose. Our Malaysian Legal Advisers are of the view that the Database Owners which are Licensed Institutions are in compliance with the consent requirement under Financial Services Secrecy Laws for their disclosure to our Group under the telemarketing arrangement with our Group pursuant to due diligence conducted as well as taking into consideration that the Database Owners have procedures in place to obtain consents from customers as required under the PDPA as detailed in the section headed “Regulatory Overview — Personal Data Protection” in the document. The consent under both PDPA and Financial Services Secrecy Laws bear similarities in that both requires the consent to be given in respect of the person to which the disclosure will be made and the purpose of such disclosure. The Financial Services Secrecy Laws does not stipulate the definition of ‘writing’. The Interpretation Acts 1948 and 1967 defines ‘writing’ to include any other method of recording information or fixing information in a form capable of being preserved. Likewise, the PDPA generally allows for the consent to be obtained in any form as long as such consent can be recorded and maintained. Further, blanket consent has been granted under the Financial Services Secrecy Laws to disclose document or information relating to the affairs or account of a customer to Outsourced Service Providers. As such, where such database owners disclose the customer’s information held by them to our Group as Outsourced Service Providers to perform the function of outsourced outbound telemarketing, such information disclosed to the Group for that purpose would be a Permitted Disclosure.

Nonetheless, pursuant to the Financial Services Secrecy Laws, such Outsourced Service Provider are bound by the secrecy provision in respect of such document or information received pursuant to undertaking such non-core functions for the Licensed Institutions. Any person who contravenes the aforesaid secrecy provisions commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five (5) years or to a fine not exceeding Malaysian Ringgit Ten Million (RM[REDACTED]) or to both.

To ensure compliance with the Financial Services Secrecy Laws, BNM is empowered to examine anyone who has dealings with the Licensed Institutions, which includes third party service providers engaged by the Licensed Institutions to perform their non-core functions. Such person examined is required to give BNM all such information, documents and explanation relating to its business and affairs or as BNM may require within such time as it may specify. Any person who fails to comply with the aforesaid commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding eight (8) years or to a fine not exceeding Malaysian Ringgit Twenty Five Million (RM25,000,000) or to both.

Under the Financial Services Secrecy Laws, a director or any other person who is concerned with management of a company’s affair shall also be deemed liable if a company is convicted of offences under Financial Services Secrecy Laws unless such person can prove that he has exercised such diligence to prevent the commission of such offences.

Our Directors have confirmed that the Group is in compliance with the provisions of the Financial Services Secrecy Laws.

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Personal Data Protection

The Personal Data Protection Act 2010 (the “**PDPA**”) regulates the processing of personal data in commercial transactions. As such, the PDPA is only applicable when personal data of an individual, i.e. the data subject, is involved in a commercial transaction. Under the PDPA, the person who processes any personal data or has control over or authorises the processing of any personal data is referred to as ‘data user’, and the person whose personal data is processed by the data user is known as ‘data subject’. The ‘data processor’ on the other hand is defined as the person who processes the personal data solely on behalf of the data user, and does not process the personal data for any of its own purpose. The term “processing” is defined in the PDPA to include collection, recording, holding, organising and disclosing personal data. The scope of personal data is very wide and non-exhaustive. Generally, any information may be considered as personal data within the ambit of the PDPA if a specific individual is identifiable from that information itself or identifiable from that information coupled with other information in the possession of the data user. As such, anonymised data, being data converted into a form which does not identify individuals, would not fall within the definition of personal data.

The PDPA imposes an obligation on the data user to obtain the consent of the data subject before personal data of such data subject may be processed or disclosed to a third party. Pursuant to the business model of our Group, the database owners which our Group cooperates with are regulated under the PDPA as “data user” which collects such personal data; whereas our Group is regulated under the PDPA as a third party “data processor” which processes personal data when undertaking outbound telemarketing services for and on behalf of the database owners using the database provided to them by the database owners.

As advised by our Malaysian Legal Advisers, the data protection principles under the PDPA (the “**Data Protection Principles**”) are imposed upon the “data user” and *not* on the “data processor”. Whilst the Data Protection Principles under the PDPA are not applicable to a data processor, such data processor may become a data user if personal data obtained by a data processor is processed without authorisation for its own purpose in contravention of the terms of contract entered into with the data user. In such cases, the data processor could be in breach of the general principle of data protection under the PDPA which stipulates that a data user shall not process personal data about a data subject unless the data subject has given his consent to the processing of the personal data. A data user who contravenes such general principle of data protection commits an offence and shall, on conviction, be liable to a fine not exceeding Malaysian Ringgit Three Hundred Thousand (RM300,000) or to imprisonment for a term not exceeding two (2) years or to both.

A data processor may also be liable under the PDPA if, without the consent of the data user, such personal data held by the data user is collected by the data processor or disclosed by the data processor to a third party. The data processor will only be liable if such unauthorised collection or disclosure occurs within its knowledge or due to its recklessness. Any person who commits such offences shall, upon conviction, be liable to a fine not exceeding Malaysian Ringgit Five Hundred Thousand (RM500,000) or to imprisonment for a term not exceeding three (3) years or to both.

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Under the PDPA, a director or any other person who is concerned with management of a company’s affair or assisting with such management shall also be deemed to have committed an offence if a company is convicted of such offences under the PDPA unless he can prove that such offence was committed without his knowledge and he has taken reasonable precautions and exercised due diligence to prevent the commission of the offence.

Our Directors have confirmed that the Group is in compliance with the provisions of the PDPA.

The following are the salient principles under the PDPA and the measures taken by our Group and the database owners to comply with such principles:

General Principle

As advised by our Malaysian Legal Advisers, the General Principle requires that personal data of a data subject should only be processed if consent has been obtained unless exempted by the PDPA. Personal data should be processed for a lawful purpose directly related to an activity of the data user and the processing is necessary or directly related to that purpose, and the personal data is adequate but not excessive in relation to that purpose.

Under the operative models of our Group’s business, the following requirements on consent under the PDPA would be applicable for the processing and/or disclosure of personal data by the database owners and/or our Group:

- In the Total Outsourcing Model where personal data of a customer is transferred by the database owners to the contact centres belonging to our Group for the purposes of marketing their own products and/or the client’s products, the database owners would have to obtain consent (A) to disclose the personal data to third parties; (B) to process the personal data for marketing of their products or a third party’s products.
- In the Flexible Insourcing Model where the telemarketing sales representatives employed by our Group are in-sourced to the premises of the database owners where the databases are located, the database owners would have to obtain consent (A) and (B) above mentioned.
- In the Hybrid Model,
 - (i) where the database owners are carrying out the marketing function using their own employees, the issue on disclosure to a third party does not arise. However, the database owners would still be required to obtain consent (B) above mentioned; and
 - (ii) where personal data is processed by employees of our Group for marketing at centres leased by the database owners from our Group to keep their databases, the database owners would have to obtain consent (A) and (B) above mentioned.

As advised by the Malaysian Legal Advisers, the PDPA stipulates that the consent to be obtained pursuant to the General Principle may be in any form as long as such consent can be recorded and maintained properly by the data user.

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As advised by the Malaysian Legal Advisers, in respect of database owners which are licensed bank or licensed Islamic bank under the Financial Services Secrecy Laws, reference can be made to the Code of Practice for the Banking and Financial Sector (“**Banking COP**”) which has been registered by the Personal Data Protection Commissioner (“**PDP Commissioner**”) and came into force on 19 January 2017. The Banking COP which is administered by the Association of Banks in Malaysia sets out the minimum standards of conduct of the data users in the banking and financial sectors in handling personal data. Pursuant to the Banking COP, a “signature or ticks indicating consent capable of being recorded and maintained” are examples of forms of consent that are acceptable under the PDPA. The Malaysian Legal Advisers noted from the form requesting for consent and data protection notices obtained from the Database Owners which are subject to the Banking COP, there is a section in such forms to request for consent (either by way of tick box or sign off) from the customer to process and disclose personal data to third party partners for marketing and promotional purposes. In respect of the other database owners which are not subject to the Banking COP, the Malaysian Legal Advisers noted from the forms requesting for consent and data protection notices obtained from them, there is a section to request for consent to be signed off by the customer to process and disclose personal data to third party partners for marketing and promotional purposes as required under the PDPA. Thus, from the samples of forms requesting for consent obtained from the database owners, the Malaysian Legal Advisers are of the view that the database owners have procedures to obtain consent from data subject in compliance with the PDPA.

Our Group understands that at the project implementation stage, the database owners will prepare the database to ensure that it contains only those data of the data subjects who have duly provided their consent to processing/sharing personal data for marketing and promotional activities and/or disclosure to third party partner for such purpose. Our Group understands that in the event that any data subject subsequently withdraws his/her consent during the project implementation stage, the database owners will update the database to remove such personal data from the database. As advised by our Malaysian Legal Advisers, such situation is envisaged under the PDPA whereby in cases of processing of personal data for direct marketing purposes, the PDPA stipulates that the data subject may by notice in writing require the data user within such reasonable time in the circumstances to cease processing of his/her personal data. As such, reasonable period must be accorded to the data user under the PDPA to cease processing of personal data in cases of processing of personal data for direct marketing purposes.

Notice and Choice Principle

A data user must inform a data subject by written notice (“**Privacy Notice**”) that the data subject’s personal data is being processed by or on behalf of the data user. Other information that must be provided in the Privacy Notice includes the purpose of processing and the classes of third parties to whom the data user discloses or may disclose the personal data. As advised by our Malaysian Legal Advisers, based on samples of Privacy Notice obtained by our Group from the database owners, such samples contain the aforesaid information as required under the Notice and Choice Principle.

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Disclosure Principle

The Disclosure Principle provides that there should be no disclosure of personal data for any other purpose than for the purpose it was to be disclosed at the time of collection, or for purposes directly related to such purpose, or to any third party not provided for under the Privacy Notice, without the consent of the data subject. As advised by our Malaysian Legal Advisers, based on the samples of Privacy Notice obtained by our Group from the database owners, such samples contain reference to category of third parties to whom the database owners discloses or may disclose the personal data.

Security Principle

The Security Principle requires that a data user to take practical steps to protect personal data from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction. Further, a data user is required to ensure that a data processor processing personal data on its behalf provides sufficient guarantees in respect of technical and organisational security measures and measures governing the processing of personal data, and takes reasonable steps to ensure compliance with those measures. Our Group works with the database owners in ensuring that the above is complied with by having such risk mitigation measures as disclosed in the section headed “Business — Risk Management and Internal Control” in this document and by devising various operative models with the database owners.

Retention Principle

The Retention Principle provides that personal data should not be kept longer than necessary for the fulfilment of the purpose of processing. Data users should take steps to ensure that personal data is destroyed or permanently deleted where it is no longer required. The database owners and our Group will work hand-in-hand to ensure that the above is complied with whereby at the end of a telemarketing campaign, both parties will undertake purging exercises of the database in the presence of respective authorised representatives.

Data Integrity Principle

Under the Data Integrity Principle, a data user must take reasonable steps to ensure that personal data is accurate, complete, not misleading and kept-up-to-date. Our Group would assist the database owners in complying with such requirement by informing the database owners of an incorrect number identified or other details during the telemarketing process.

Access Principle

The Access Principle provides that a data subject shall be given access to his personal data held by a data user and be able to correct that personal data unless compliance with such a request to access or correct is refused in circumstances expressly set out under the PDPA. As advised by our Malaysian Legal Advisers, based on the samples of Privacy Notice obtained by our Group from the database owners which our Group cooperates with, such samples contain the aforesaid information on the rights of the data subject to access such personal data collected.

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Registration under PDPA

As advised by the Malaysian Legal Advisers, under the Personal Data Protection (Class of Data Users) Order 2013 (the “**Order**”), certain classes of data users (including those in the telecommunications, banking and financial services sectors) are required to register with the PDP Commissioner and to obtain a certificate of registration. As advised by the Malaysian Legal Advisers, this requirement serves as a means for the PDP Commissioner to consistently monitor sectors that deal with large amounts of personal data. As advised by the Malaysian Legal Advisers, as the certificate of registration is valid only for a determined period and in order to maintain continuous and valid registration, a data user would have to ensure that it is in compliance with the PDPA, as a breach of any provision of the PDPA could result in the PDP Commissioner refusing to renew or revoking the registration of the said data user.

As advised by the Malaysian Legal Advisers, out of the 10 database owners which our Group cooperated with as at the date of this submission, 6 are required to be registered under the Order. The Malaysian Legal Advisers have conducted a search of the register available on the official website of the Personal Data Protection Department, and noted from such search that all of the 6 database owners which are required to be registered with the PDP Commissioner, have registered with the PDP Commissioner and carry valid certificates of registration, none of them is revoked, expired or terminated save for a development financial institution. Upon enquiry with the PDP Commissioner, PDP Commissioner confirmed that the application for registration by such development financial institution has been duly received and they are in the process of registration.

Selling of personal data

As advised by the Malaysian Legal Advisers, the PDPA only prohibits the sale or offer to sale of personal data in limited circumstances. The PDPA does not prohibit the database owners as a data user from disclosing personal data in their possession for monetary gain or any form of consideration. Pursuant to the PDPA, the offence of selling personal data is only triggered where a person had knowingly or recklessly, collected or disclosed personal data or procured the disclosure of personal data without the consent of the data user) (in the present context, the database owners). As advised by the Malaysian Legal Advisers, there is also no requirement under the PDPA to notify the data subjects that monetary benefit or any form of advantage will be gained by the data users.

(a) Transfer/disclose/sell of personal data to our Group from the database owners

As advised by the Malaysian Legal Advisers, the database owners are data users and the issue of collecting and/or disclosing without consent does not arise when the database owners willingly discloses to our Group such personal data, whether for monetary gain or otherwise, for telemarketing purpose. Thus, such disclosure would not contravene the PDPA.

(b) Transfer/disclose/sell of personal data to client from the database owners

As advised by the Malaysian Legal Advisers, the database owners are the data user and the issue of collecting and/or disclosing without consent does not arise when the database owners willingly discloses to the client such personal data, whether for monetary gain or otherwise. Thus, such disclosure would not contravene the PDPA.

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Further, as advised by our Malaysian Legal Advisers, generally an act of selling occurs when a chattel/real property is delivered to another such that the transferor parts with the ownership/possession of the chattel/real property for any benefit. As advised by the Malaysian Legal Advisers, there is no sale of personal data by the database owners to our Group’s clients given that the Group’s clients have no access to the database and that there is no change of ownership of the database in the whole telemarketing process as the database owners retain the control over or authority over the processing of the database and that purging exercise is performed on such database at the end of a telemarketing campaign.

Collection, disclosure and/or transfer of personal data by our Group to the client upon a “successful sale” during the project implementation stage

Upon successful sale, the customer’s information required for concluding the contract between the customer and client (such as the name, contact details, identity card number, address and other information as required by the respective client) which are collected from the customers during the telemarketing process by our Group for and on behalf of the client will be transferred by our Group to the client. As advised by the Malaysian Legal Advisers, as the client has control over and authorises the collection and holding of such personal data at all material times, the client is the “data user” and our Group remains as the “data processor” under the PDPA in relation to the information collected from the customer during such transfer upon successful sale. The applicable Data Protection Principles at the point when personal data is collected is the Notice and Choice Principle. Based on the samples of Privacy Notices obtained by our Group from the client, such samples contain the aforesaid information as required under the Notice and Choice Principle. The PDPA provides that consent of the data subject (customer) is not required for processing of the personal data collected for the purpose of performance of the contract entered into between the customer and the client pursuant to the successful sale.

Based on the above and other due diligence work conducted, our Malaysian Legal Advisers are of the view that both the database owners and our Group comply with the PDPA in all of our Group’s operative models with the database owners.

Foreign Exchange Administration

The BNM or Bank Negara Malaysia is tasked with the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters. By the power vested by the Financial Services Act 2013, the BNM has issued foreign exchange administration notices which, amongst others, regulate the remittance of funds from and into Malaysia.

Pursuant to Notice 4 issued by the BNM, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency. The foreign exchange administration rules also allows non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

Save for requirement to remit dividends in foreign currency, our Company upon Listing is not subject to any other foreign exchange restrictions to distribute dividends from our Group’s Malaysian subsidiaries in Malaysia to our non-resident holding company, being a company incorporated outside

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Malaysia, namely UTS (BVI). There is no limitation on the amount of dividends that can be remitted by our Group’s Malaysian subsidiaries in Malaysia to our Group’s non-resident holding company, as a non-resident is allowed to repatriate funds from Malaysia, including any income earned, provided that the repatriation is made in foreign currency. Any dividend distributed by our Malaysian subsidiaries to shareholders would not be subject to any withholding tax or corporate income tax in Malaysia and the shareholders would be exempted from paying any Malaysian tax in respect of the dividend distributed in Malaysia.

BNM has issued a supplementary notice (effective from 5 December 2016) which stipulates that a Malaysian resident exporter is only allowed to retain up to 25% of foreign currency proceeds from its exports of goods. The balance of foreign currency proceeds from the exports of goods shall be converted into RM with a licensed onshore bank.

Information and Communication Technology (ICT) Products, Systems or Devices as a Promoted Activity for Investments

The Promotion of Investments Act 1986 was implemented to promote the establishment and development of industrial, agricultural and other commercial enterprises in Malaysia by way of relief from income tax. One of the main tax incentives provided under the Promotion of Investments Act 1986 is the “pioneer status” granted by the Malaysian Investment Development Authority (“MIDA”). Any company that wishes to participate in a promoted activity may make an application in writing to the Ministry of International Trade and Industry of Malaysia for pioneer status to be given in relation to that activity.

Under the First Schedule of the Promotion of Investments (Promoted Activities and Promoted Products) Order 2012, “information and communication technology (“ICT”) products, systems or devices” has been listed as one of the promoted activity under the Promotion of Investments Act 1986. The tax relief period of a pioneer company shall begin on the day as specified in the pioneer certificate and continue for a period of five (5) years.

A subsidiary of the Group, TRSB had obtained a pioneer certificate from MIDA in 2011 and is entitled to 100% tax exemption of its statutory income for a period of 5 years from 10 February 2010 to 9 February 2015. Such tax exemption was renewed in 2015 and accordingly TRSB is entitled to tax exemption of its statutory income for a further period of 5 years from 10 February 2015 to 9 February 2020. For avoidance of doubt, TRSB is entitled to such tax exemption for a maximum period of ten (10) years only.

Our Directors have confirmed that TRSB is in compliance with the provisions of the Promotion of Investments Act 1986 and the terms and conditions attached to the pioneer status.

Occupancy of Building

The Street, Drainage and Building Act 1974 regulates street, drainage and building matters in local authority areas in Peninsular Malaysia. It provides that the ruler or governor of the respective states in Peninsular Malaysia shall have the power to make uniform building by-laws necessary to carry out the provisions of the Street, Drainage and Building Act 1974.

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The uniform building by-laws regulate the construction of buildings and the time, manner and procedure for the issuance of the certificate of completion and compliance (“CCC”) for buildings. Prior to implementation of the CCC regime in April 2007, local authorities were responsible to issue certificate of fitness for occupation (“CF”) for buildings.

Pursuant to the Street, Drainage and Building Act 1974, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable on conviction to a fine not exceeding Malaysian Ringgit Two Hundred and Fifty Thousand (RM250,000) or to imprisonment for a term not exceeding ten (10) years or to both.

All of the premises currently being rented by UTS Marketing and TRSB are issued with the respective CF/CCC as follows:

- (i) the CF dated 6 January 1995 in respect of building erected on the parcel of land identified as Geran 36467, Lot 19 Section 57, Bandar Kuala Lumpur, Kuala Lumpur, whereby Unit No. 10.01, Level 10, Bangunan KWSP, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur is rented by TRSB from Employees’ Provident Funds;
- (ii) the CF dated 2 December 1983 in respect of building erected on the parcels of land identified as Geran 4460, 11258, and 11259 for Lot No. 33, 1180 (previously known as Lot 34) and 1181 (previously known as Lot 35), Section 57, Kuala Lumpur whereby Suites No. 801-806, 8th Floor, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur is rented by UTSM from Teo Hang Sam Realty Sdn Bhd;
- (iii) the CF dated 7 August 2001 in respect of building erected on the parcel of land identified as HS(D) 99502 PT50, Seksyen 57, Mukim of Bandar Kuala Lumpur, District of Kuala Lumpur, Kuala Lumpur, whereby Level 25, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur is rented by UTS Marketing from Great Eastern Life Assurance (Malaysia) Berhad;
- (iv) the CF dated 27 March 1985 in respect of building erected on the parcel of land identified as Geran 10271, 10272, 10273 and 10274 for Lot No. 256, 257, 258 and 259, Section 49, Bandar Kuala Lumpur, Kuala Lumpur, whereby 3rd Floor, Bangunan Ming Annexe, No.9, Jalan Ampang, 50450 Kuala Lumpur is rented by UTS Marketing from Tian Ming Sdn Bhd;
- (v) the CF dated 12 August 1999 in respect of building erected on the parcel of land identified as Geran 46212, Lot 1312, Section 57, Kuala Lumpur, whereby Unit No. M-3A, M-5 & M-6, Mezzanine Floor, Wisma UOA II, No.21, Jalan Pinang, 50450 Kuala Lumpur is rented by UTS Marketing from UOA Real Estate Investment Trust; and
- (vi) the CCC dated 24 June 2008 in respect of building erected on the parcel of land identified as Master Title Geran 27449, Lot 4598, Mukim of Bukit Raja, District of Petaling, Selangor, whereby Unit No. E-3-34-2, Jalan Multimedia 7/AG, City Park, i-City, 40000 Shah Alam is rented by TRSB from I-Silicon Sdn Bhd.

Our Directors have confirmed that the Group is in compliance with the provisions of the Street, Drainage and Building Act 1974.

REGULATORY OVERVIEW

Business Premise Licenses

The Local Government Act 1976 is the parent act which empowers every local government to grant license or permit for any trade, occupation or premises via by-laws. The following by-laws (Trade By-Laws) made pursuant to the Local Government Act 1976 are applicable to the Group based on the area of local government which the Group operates in Malaysia:

- (i) Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 provides that no person shall use any place or premises, within the area administered by the Shah Alam City Council for any trade, business or industry without a license issued by the Shah Alam City Council. It further provides that any person who contravenes any of the provision of the by-laws is guilty of an offence and is liable on conviction to a fine not exceeding Malaysian Ringgit Two Thousand (RM2,000) and to a further fine not exceeding Malaysian Ringgit Two Hundred (RM200) for every day during which the offence is continued after conviction.

TRSB has obtained an office advertisement license (Approval No.: MBSA/LSP/1.6/T/176) issued by the Shah Alam City Council to TRSB of E-34-2, Jalan Multimedia 7/AG, City Park I-City, 40000 Shah Alam, Selangor Darul Ehsan which will expire on 31 January 2018.

- (ii) Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016 provides that no person shall use any place or premises, within the area administered by the Kuala Lumpur City Hall for any trade, business or industry without a license issued by the Kuala Lumpur City Hall. It further provides that any person who contravenes any of the provision of the by-laws is guilty of an offence and is liable on conviction to a fine not exceeding Malaysian Ringgit Two Thousand (RM2,000) and to a further fine not exceeding Malaysian Ringgit Two Hundred (RM200) for every day during which the offence is continued after conviction.

UTSM has obtained the following business premise licenses from Kuala Lumpur City Hall:

- (i) business premise licence (File No: DBKL.JPPP/PR01/1483/10/2016) issued by the Kuala Lumpur City Hall for the premise at Tingkat 9, Tingkat 10, Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200 Kuala Lumpur which is valid from 19 October 2016 to 18 October 2017;
- (ii) business premise licence (File No: DBKL.JPPP/PR01/1594/10/2016) issued by the Kuala Lumpur City Hall for the premise at Tingkat 3, Bangunan Ming Annexe, No. 9, Jalan Ampang, 50450 Kuala Lumpur which is valid from 20 October 2016 to 19 October 2017;
- (iii) business premise licence (File No: DBKL.JPPP/PR01/1592/10/2016) issued by the Kuala Lumpur City Hall for the premise at Suite 801–806, Tingkat 8, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur which is valid from 20 October 2016 to 19 October 2017;

REGULATORY OVERVIEW

- (iv) business premise licence (File No: DBKL.JPPP/PR01/0344/10/2016) issued by the Kuala Lumpur City Hall for the premise at M-3A, M-05, & M-06, Jalan Pinang, Wisma UOA P2, Bukit Bintang-KLCC, 50450 Kuala Lumpur which is valid from 8 October 2016 to 7 October 2017; and
- (v) business premise licence (File No: DBKL.JPPP/PR01/1486/10/2016) issued by the Kuala Lumpur City Hall for the premise at Tingkat 25, Menara Weld, No. 76, Jalan Raja Chulan, 50200 Kuala Lumpur which is valid from 19 October 2016 to 18 October 2017.

Our Directors have confirmed that the Group is in compliance with the provisions of the Local Government Act 1976.

Employment and Social Security

The Employment Act 1955 regulates labour matters in Malaysia and provides for amongst other the minimum terms and conditions which must be present in the contract of service with an employee. Under the Employment Act 1955, an 'employee' is defined as any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person's wages do not exceed Malaysian Ringgit Two Thousand (RM2,000) a month.

Pursuant to the National Wages Consultative Council Act 2011 and the Minimum Wages Order 2016, the minimum wages rate payable to an employee in Peninsular Malaysia shall be Malaysian Ringgit One Thousand (RM1,000) monthly.

Our Directors confirmed that the Group is in compliance with the requirements of the Employment Act 1955, Employment Regulations 1957, National Wages Consultative Council Act 2011 and the Minimum Wages Order 2016.

The Employees' Provident Fund is a social security fund formed in accordance to the Employees Provident Fund Act 1991 and is managed by members of the Employees' Provident Fund Board.

Under the Employees Provident Fund Act 1991, both the employer and employee are required to make monthly contributions into the employee's individual account maintained with the Employees' Provident Fund. The amount is calculated based on the monthly wage of the employee and the contribution rate set out in the Employees Provident Fund Act 1991. An employer who fails to pay to the such contributions shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three (3) years or to a fine not exceeding Malaysian Ringgit Ten Thousand (RM10,000) or to both.

Where an employer fails to pay any contributions due within the prescribed period, the employer shall in addition to such contributions be liable to pay dividend which would have accrued on such contributions if such contributions had been paid by the employer within the prescribed period at the rate as declared pursuant to the Employees Provident Fund Act 1991.

In addition to the dividend to be paid by the employer, the employer shall also be liable to pay interest to be credited to the Employees' Provident Fund on such amount at such rate and in accordance with any manner and calculation determined by the Employees Provident Fund Board, failing which, the

REGULATORY OVERVIEW

employer shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three (3) years or to a fine not exceeding Malaysian Ringgit Ten Thousand (RM10,000) or to both.

Our Directors confirmed that the Group is in compliance with the requirements of the Employees Provident Fund Act 1991.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR BUSINESS HISTORY

The history of our Group can be traced back to the year of 2007, when UTS Marketing was incorporated. UTS Marketing was founded by Mr. Loke Yan Sun and Mr. Tan Sui Fui, both being Independent Third Parties. The entire issued share capital of UTS Marketing was subsequently acquired by our executive Directors, Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew in stages during the period between December 2009 and November 2011. Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew were once the colleagues in the same insurance company. During their career in the insurance company, they have gained experiences in the insurance industry and telemarketing, and had chances to expose to various business networks in the industry. Leveraging on such experiences and business networks, they have successfully achieved growth in the business of UTS Marketing. Please see “Our Corporate Development — UTS Marketing” in this section for further details.

As our Group continued to grow and develop, we became one of the leading outbound contact service providers in Malaysia, ranked the third in terms of revenue in 2015 according to the Industry Research Report. We principally provide telemarketing services of financial products. During the Track Record Period, our Group’s business was conducted through our Group’s two principal operating subsidiaries, namely UTS Marketing and TRSB.

The following table sets out the key milestones in the history of our Group:

Year	Key business development milestones
2007	UTS Marketing was incorporated.
2008	TRSB was incorporated. Our first two contact centres commenced operation. Up to the Latest Practicable Date, our first two contact centres had an aggregate of 325 workstations.
2009	Our third contact centre commenced operation. Up to the Latest Practicable Date, our third contact centre had 262 workstations.
2010	We were granted the MSC status in relation to our research, development and commercialisation of our in-house developed CRM system.
2011	Our Group was awarded Gold Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats) Category. Our fourth contact centre commenced operation and was subsequently further enlarged in 2012. Up to the Latest Practicable Date, our fourth contact centre had 267 workstations.
2012	Our Group was awarded 2nd Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Key business development milestones
2013	Our Group was awarded 1st Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category). Our fifth contact centre commenced operation. Up to the Latest Practicable Date, our fifth contact centre had 293 workstations.
2014	Our Group was awarded (i) 2nd Place Award for the Most Creative Contact Centre (Open Category) and (ii) 3rd Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category).

OUR CORPORATE DEVELOPMENT

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 August 2016 with an authorized share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Following the completion of the Reorganisation, our Company became the holding company of our Group and the entire issued share capital of our Company was indirectly held by Mr. Ng Chee Wai as to 60%, by Mr. Lee Koon Yew as to 22% and by Mr. Kwan Kah Yew as to 18% respectively. For details of changes in the share capital of our Group, please refer to the subsection headed “Appendix IV — Further information about our Company and our Subsidiaries — Changes in share capital of our Company” in this document.

A summary of the major corporate development of the subsidiaries of our Company since their respective dates of incorporation or establishment is set out below:

UTS (BVI)

UTS (BVI) was incorporated in the BVI on 19 August 2016 with limited liability and is a wholly-owned subsidiary of our Company.

UTS (BVI) has not engaged in any business activities or operations from the date of incorporation until 14 June 2017 when it became the holding company of UTS Marketing upon the Reorganisation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

UTS Marketing

UTS Marketing was incorporated in Malaysia on 19 December 2007 as a limited liability company. On the date of its incorporation, two shares with par value of RM1.00 each were allotted and issued to each of Mr. Loke Yan Sun and Mr. Tan Sio Fui. Subsequently, a number of allotments and transfers of shares in UTS Marketing were carried out. As at 30 November 2009, the shareholders of UTS Marketing were as follows:

Name of shareholder	Number of shares held	Percentage of shareholding
Mr. Loke Yan Sun	100,000	40%
Mr. Khor Kok Seng	25,000	10%
Ms. Loke Mei Sang	87,500	35%
Mr. Kow Chee Seng	37,500	15%

During the period between 1 December 2009 and 11 November 2011, Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew acquired certain shareholdings in UTS Marketing at par value, details of which are as follows:

Date	Name of transferor	Name of transferee	Number of shares held	Percentage of shareholding	Consideration
1 December 2009	Mr. Loke Yan Sun	Mr. Lee Koon Yew	50,000	20%	RM50,000
28 June 2011	Mr. Kow Chee Seng	Mr. Kwan Kah Yew	37,500	15%	RM37,500
11 November 2011	Mr. Loke Yan Sun	Mr. Ng Chee Wai	50,000	20%	RM50,000
	Ms. Loke Mei Sang	Mr. Ng Chee Wai	87,500	35%	RM87,500

As at 11 November 2011, the shareholding structure of UTS Marketing is as follows:

Name of shareholder	Number of shares held	Percentage of shareholding
Mr. Lee Koon Yew	50,000	20%
Mr. Kwan Kah Yew	37,500	15%
Ms. Han Yoke Chan	25,000	10%
Mr. Ng Chee Wai	137,500	55%

Since different shareholders held different view about the future of UTS Marketing, on 11 April 2014, 12,500, 5,000 and 7,500 shares in UTS Marketing were transferred by Ms. Han Yoke Chan to each of Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew at a consideration of RM2,500,000, RM1,000,000 and RM1,500,000 respectively. The consideration was determined based on arm's length negotiation, taking into account the view of the aforesaid purchasers on the future possible profitability of UTS Marketing. The aforesaid transfers were duly completed and settled. As at the Latest Practicable Date, Mr. Loke Yan Sun was still working in UTS Marketing as the senior manager on facilities.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the aforesaid transfers, the shareholding structure of UTS Marketing was as follows:

Name of shareholder	Number of shares held	Percentage of shareholding
Mr. Ng Chee Wai	150,000	60%
Mr. Lee Koon Yew	55,000	22%
Mr. Kwan Kah Yew	45,000	18%

On 14 June 2017, UTS (BVI) acquired the entire issued share capital of UTS Marketing held by Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew. The said sale and purchase was duly completed and settled. Upon completion of such acquisition, UTS Marketing will become our indirect wholly-owned subsidiary, with all its issued shares held by UTS (BVI). For further details of the acquisition, please refer to the paragraph headed “Reorganisation — Acquisition of the intermediate subsidiaries” of this section.

TRSB

TRSB principally provides workstations and its related services for promotion of financial products and its related activities issued by authorized financial institutions card companies or organizations worldwide.

TRSB was incorporated in Malaysia on 16 January 2008 as a limited liability company. At the time of its incorporation, two ordinary shares of RM1.00 each were allotted and issued to each of Mr. Chua Boon Hua and Ms. Han Yoke Lin, both are Independent Third Parties.

On 30 April 2008, 83,999 shares, 83,999 shares and 84,000 shares were issued and allotted to Mr. Chua Boon Hua, Mr. Yeoh Kai See and Mr. Loke Yan Sun, respectively, for cash at par value. Ms. Han Yoke Lin transferred her share to Mr. Yeoh Kai See at par value. The aforesaid allotments and transfer were duly completed and settled. Mr. Loke Yan Sun and Mr. Yeoh Kai See transferred their respective shareholdings in TRSB to UTS Marketing at the consideration of RM84,000 and RM84,000 respectively. The said consideration was determined based on arm’s length negotiation with reference to the net assets value of TRSB at that time. The aforesaid transfers were duly completed and settled.

Upon completion of the aforesaid allotments and transfer, the shareholding structure of TRSB was as follows:

Name of shareholder	Number of shares held	Percentage of shareholding
Mr. Chua Boon Hua	84,000	33.3%
UTS Marketing	168,000	66.7%

On 18 June 2009, Mr. Chua Boon Hua transferred 8,400 ordinary shares in TRSB to UTS Marketing at the consideration of RM8,400 with reference to the net assets value of TRSB at that time.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

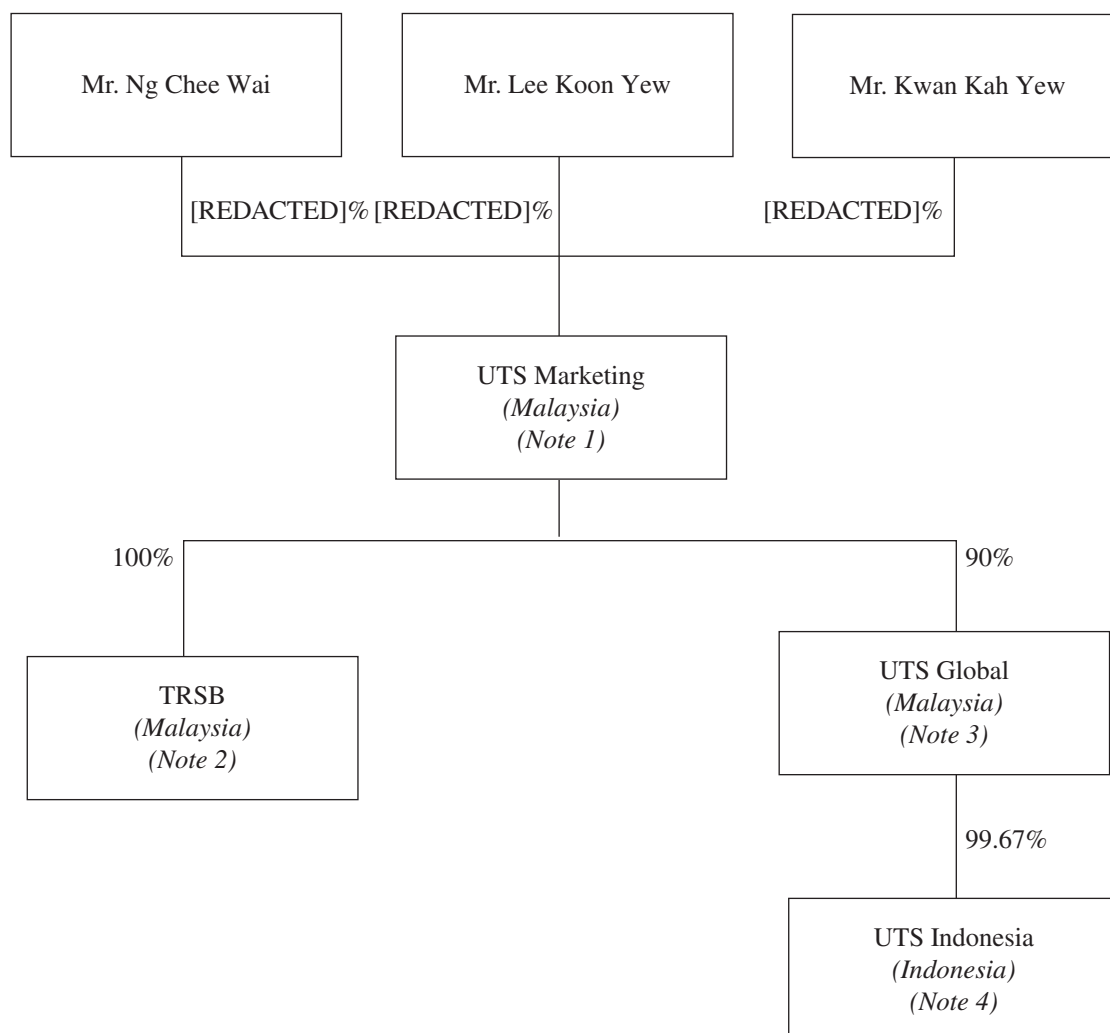
On 28 February 2011, Mr. Chua Boon Hua transferred 75,600 ordinary shares in TRSB to UTS Marketing at the consideration of RM463,700. The said consideration was determined based on arm’s length negotiation with reference to the net assets value of TRSB at that time. Our executive Directors understand that Mr. Chua Boon Hua wished to pursue his own other interest.

The aforesaid transfers were duly completed and settled.

Upon completion of the aforesaid transfers, TRSB became a wholly-owned subsidiary of UTS Marketing from 28 February 2011 onwards and TRSB can support the operation of UTS Marketing.

REORGANISATION

The following chart sets out the corporate structure of our Group immediately before the Reorganisation:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. UTS Marketing principally provides outbound marketing services of financial products and its related activities issued by authorized financial institutions, cards companies or organization worldwide.
2. TRSB principally provides workstations and its related services for promotion of financial products and its related activities issued by authorized financial institutions, card companies or organization worldwide.
3. The remaining 10% shareholding interest of UTS Global was held by Mr. Cheong Chee Wai, a merchant and an Independent Third Party.
4. The remaining 0.33% shareholding interest of UTS Indonesia was held by Mr. Cheong Chee Wai, a merchant and an Independent Third Party.

Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 August 2016 to act as the ultimate holding company of our Group. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same day, one subscriber share was allotted and issued fully paid to the initial subscriber, and subsequently such subscriber share was transferred to Marketing Intellect. The said transfer was legally settled and completed on 23 August 2016.

Incorporation of UTS (BVI)

UTS (BVI) is an investment holding company incorporated under the laws of BVI with limited liability on 19 August 2016, with an authorised share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each.

On 19 August 2016, 60, 22 and 18 ordinary shares were allotted and issued fully paid to Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, respectively, at the aggregate consideration of US\$100.

On 14 June 2017, [REDACTED], [REDACTED] and [REDACTED] ordinary shares were allotted and issued fully paid to Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, respectively, at the aggregate consideration of RM250,000.

Acquisition of the intermediate subsidiaries

On 14 June 2017, UTS (BVI) acquired the entire issued share capital of UTS Marketing with the consideration of RM250,000 by way of cash. Such consideration was determined based on the issued and paid up share capital of UTS Marketing. Upon the completion of such acquisition, UTS Marketing became the wholly-owned subsidiary of UTS (BVI).

On 14 June 2017, Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew transferred the entire issued share capital of UTS (BVI), 200 shares in total, to our Company, in consideration of which our Company allotted and issued 99 new shares credited as fully paid, to Marketing Intellect, Marketing Talent and Marketing Wisdom in the percentage of [REDACTED]%, [REDACTED]% and [REDACTED]% respectively.

Upon completion of the said transfer transaction, UTS (BVI) became the wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Excluded Entities

In preparation of the Listing, our Group decided to streamline our core business and focus on the telemarketing industry in Malaysia, and excluded the following companies from our Group during the course of the Reorganisation:

UTS Global and UTS Indonesia

UTS Global is a company incorporated in Malaysia with limited liability on 23 October 2009 and has a subsidiary, UTS Indonesia, which is a company incorporated in Indonesia with limited liability on 11 September 2013 and owned by UTS Global and Mr. Cheong Chee Wai as to approximately 99.67% and 0.33% respectively. Prior to the Reorganisation, UTS Global was owned as to 90% by UTS Marketing and 10% by Mr. Cheong Chee Wai, an Independent Third Party.

During the period between its date of incorporation and November 2013, UTS Global had engaged a third party service provider to provide certain telemarketing services relating to telecommunication products for and on behalf of our Group. In November 2013, UTS Global stopped all major operations and did not carried out any material activities thereafter. For UTS Indonesia, it was established primarily for the purpose of exploring business opportunities in Indonesia and our management had kept monitoring the market of Indonesia since the establishment of UTS Indonesia such that our Group could, through UTS Indonesia, be in the position to capture such business opportunities in Indonesia whenever they arose. However, no business opportunities were located and no operation had been conducted since its incorporation and UTS Indonesia remained dormant throughout. As such, our management considered that, taking into account the market condition in Indonesia, UTS Global and UTS Indonesia would not bring any commercial benefit to our Group in the foreseeable future and in preparation of the Listing, our Directors decided to exclude UTS Global and UTS Indonesia from our Group upon the Reorganisation.

On 15 September 2016, UTS Marketing disposed 80 shares and 10 shares in UTS Global held by it to Mr. Cheong Chee Wai and Mr. Goh Toh Hoi at a nominal consideration of RM80 and RM10, respectively. The said consideration was determined with reference to the negative net assets value of UTS Global. The aforesaid transfers were legally and duly settled and completed.

Our Directors confirmed that UTS Global and UTS Indonesia had not been subject to any material misconduct, contingencies, non-compliant incidents, claims, litigations or legal proceedings (whether actual or threatened) prior to the said transfers. According to the unaudited consolidated financial statements of UTS Global and UTS Indonesia, upon disposal of the excluded entities, UTS Global and UTS Indonesia recorded a negative consolidated net assets value of approximately RM0.2 million as at 31 August 2016.

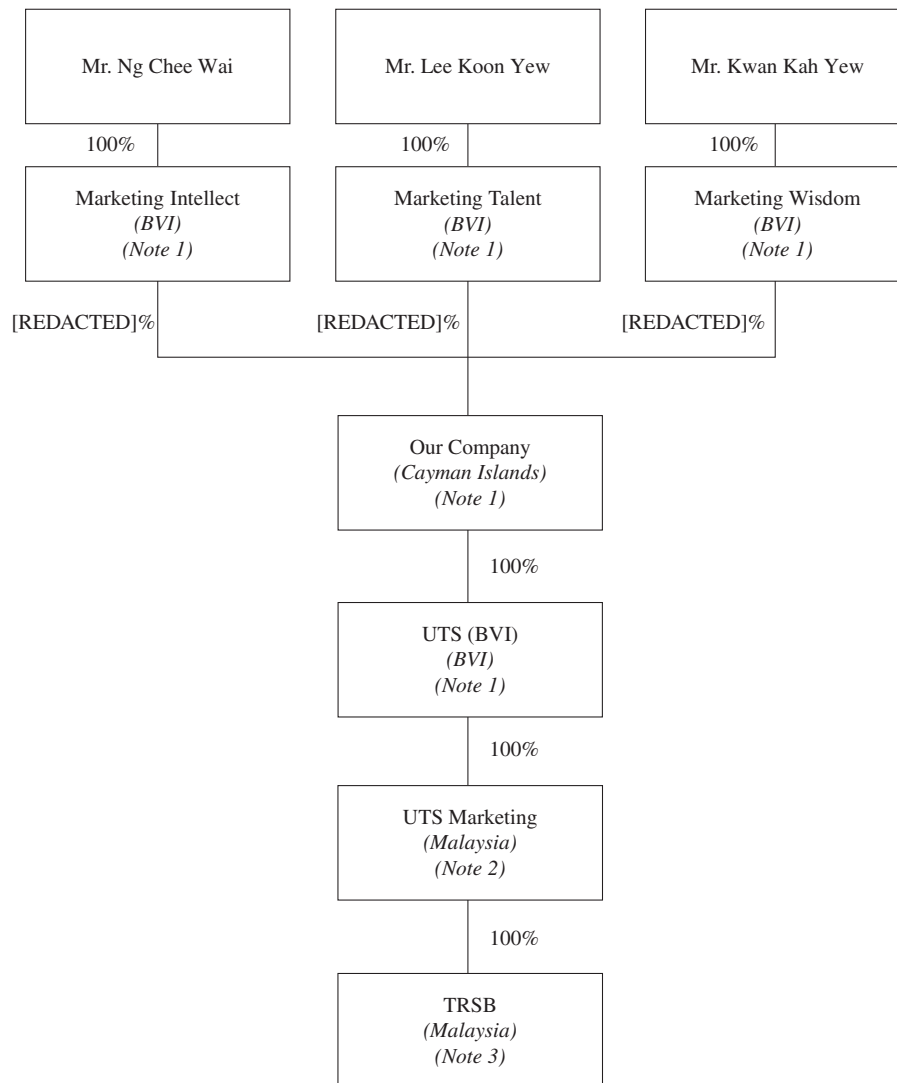
Legal compliance

As advised by our Malaysian Legal Advisers, all the transfers of shares in the companies incorporated in Malaysia referred to in this section, namely UTS Marketing and UTS Global, have been duly completed and settled, and all necessary registration and filing requirements under Malaysian laws have all been complied with.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shareholding and corporate structure of the Group immediately after the Reorganisation

The following chart sets out our corporate structure immediately after the Reorganisation and immediately prior to the [REDACTED]:



Notes:

1. These companies are investment holding companies.
2. UTS Marketing principally provides outbound marketing services of financial products and its related activities issued by authorized financial institutions, cards companies or organization worldwide.
3. TRSB principally provides workstations and its related services for promotion of financial products and its related activities issued by authorized financial institutions, card companies or organization worldwide.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Increased in authorised share capital and [REDACTED]

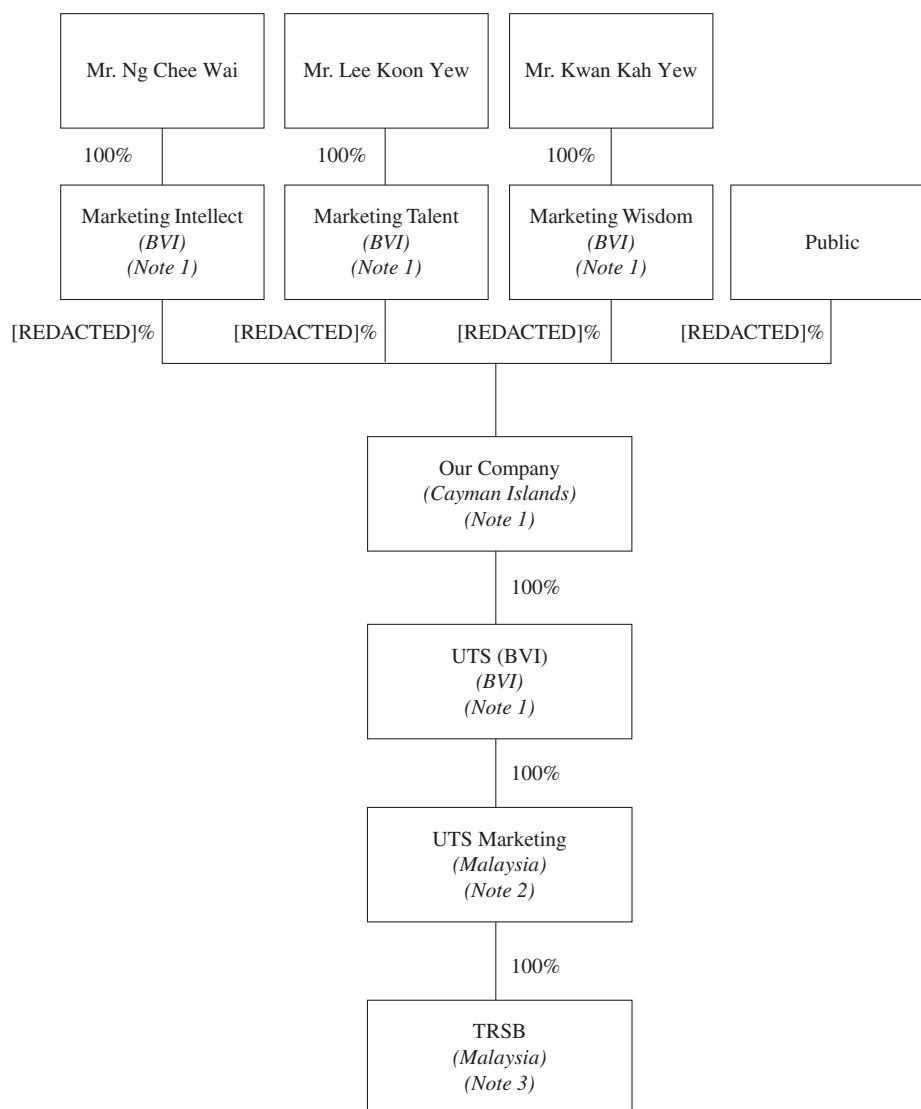
On 14 June 2017, the authorised share capital of our Company increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$[REDACTED] divided into 10,000,000,000 shares of HK\$0.01 each by creation of 9,962,000,000 Shares. Such new Shares shall have the same rights as the then existing Shares in all respects.

Conditional on the share premium account of our Company being credited with the proceeds from the [REDACTED], HK\$[REDACTED] will be capitalised from the share premium account of our Company and applied in paying up in full [REDACTED] new Shares for the allotment and issuance to the existing shareholders of our Company on a pro rata basis on or before the Listing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shareholding and corporate structure of the Group immediately following the [REDACTED] and [REDACTED]

The following chart sets out the shareholding structure of our Group immediately following the [REDACTED] and [REDACTED] (without taking into account the Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme):



Notes:

1. These companies are investment holding companies.
2. UTS Marketing principally provides outbound marketing services of financial products and its related activities issued by authorized financial institutions, cards companies or organization worldwide.
3. TRSB principally provides workstations and its related services for promotion of financial products and its related activities issued by authorized financial institutions, cards companies or organization worldwide.

BUSINESS

OVERVIEW

We are the third largest outbound contact service providers in Malaysia in terms of revenue in 2015 according to the Industry Research Report. We principally provide telemarketing services of financial products, which include insurance, credit cards, personal loans and balance transfers, for our clients. Our current clientele are principally banks and insurance companies. We operated six contact centres situated within the central business district of Kuala Lumpur of Malaysia and employed approximately 1,542 staff, among which approximately 1,110 were professionally trained telemarketing sales representatives, as at the Latest Practicable Date.

With our experience in the telemarketing industry and the financial industry, we understand that there is a potential information gap between our potential clients who are in need of outbound contact services and database owners who possess valuable customer contact information. Thus, instead of adopting the conventional business model where outbound contact service providers wait and bid for projects offered by potential clients, we focus on exploring business opportunities by cooperating with different database owners. We proactively identify potential database owners, which include banks, telecommunication companies and loyalty card companies, and assist them to realize the value of the database they possessed by offering them telemarketing proposals for their own products and by introducing them to our potential clients which could make use of their database in the telemarketing projects delivered by our Group. Our Directors believe that this approach of connecting database owners and potential clients is one of our key competitive edges as it does not only create business opportunities for us, it also assists our clients and database owners in acquiring new business partners and brings about cross-selling opportunities among our clients and database owners we cooperate with.

During the Track Record Period, we cooperated with 17 database owners, 10 of which were also our clients. Some of the database owners we cooperate with are financial institutions which are under stringent control by the BNM and other governmental authorities in relation to outsourcing outbound contact services and making use of their databases. We work closely with the database owners to devise different operative models under which we can provide outbound contact service for our clients using the database provided by them and at the same time fulfill the specific regulatory requirements they are subject to. During the Track Record Period, we adopted three different operative models with database owners in terms of the provision of contact centre facilities and staff management.

We developed our in-house CRM system, namely the Tele Response Solutions system. The Tele Response Solutions system comprises a suite of software modules built on and integrated with our telephony systems with comprehensive digital telephony functions for the operation and management of our contact centres and communication with our clients and database owners. The system can be tailored to meet clients’ needs without relying on external suppliers, thus maximising cost-efficiency. We were granted the MSC status, an award given to companies with outstanding advancement in information technology by the Malaysian Digital Economy Corporation for our Group’s research, development and commercialisation of the Tele Response Solutions system.

The quality and creativity of our outbound contact service were recognized where we had won many recognitions accredited by the Customer Relationship Management & Contact Centre Association of Malaysia which include the 2nd Place Award for the Most Creative Contact Centre (Open Category) in 2014 and the 1st Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category) in 2013.

BUSINESS

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our historical success and potential for future growth:

Experienced and stable management team

We have around nine years of experience in the outbound contact service industry in Malaysia. We believe our stable and experienced senior management team has been monitoring our business and operation and led our growth on the basis of sound industry knowledge, effective administration and operation systems. Members of our senior management have an average of more than 15 years of relevant working experience and have served our Group for an average of more than four years. Most members of our senior management team have experience in insurance companies.

Our executive Director, Mr. Ng Chee Wai has more than 17 years of working experience in the insurance industry and the telemarketing industry. We believe his foresight in the potential of the local insurance industry and the development of our unique business model has helped to differentiate our Group as one of the market leaders. Our Chief Executive Officer, Mr. Lee Koon Yew, has more than 25 years of experience in the insurance industry and was formerly the senior management of several sizable insurance companies in Malaysia. He was also the chairman of the General Insurance Association of Malaysia (PIAM) from 2008 to 2009 and the chairman of the Insurance Services Malaysia from 2005 to 2009. As the Chief Executive Officer of our Company, he led us to become one of the top players in the outbound contact service industry in Malaysia, rivaling other more well-established contact centres in size. Our executive Director, Mr. Kwan Kah Yew, has more than 17 years of experience in the insurance industry and the telemarketing industry with expertise in financial management. We believe his experience in the insurance industry and financial management assist our Group in business development and expansion planning.

Our Directors believe that the stability, industry experience and knowledge of our management team enable our Group to identify potential clients, create business opportunities for business expansion and provide innovative and flexible solutions in meeting the needs of our clients.

Innovative and flexible outbound telemarketing solutions

According to the Industry Research Report, traditionally financial product owners or insurance companies which intend to outsource their telemarketing function would acquire database from relevant database owners before finding appropriate outsourced outbound contact service provider to execute their telemarketing projects. Under this traditional approach, outbound contact service providers usually passively wait and bid for projects offered by potential clients and have little or no input to the product and specifications of project management.

Our Group’s key competitive edge and innovation are derived from our trilateral business strategy, instead of just working with our clients, which are the product owners, we focus on working with the database owners to assist them to identify and connect them with potential product owners. We offer the database owners with data segmentation analysis and proposals as to the potential use of their database and introduce them to our potential clients which are product owners, including insurance companies and banks. Generally, we cooperate with the database owners under which they designate us as their outbound contact centre. Our Directors believe that working closely with the database owners can create

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a stable source of business opportunities by capturing the telemarketing opportunities of the potential clients who wish to make use of the database of the database owners we cooperate with, rather than the conventional business model where we need to wait for projects offered by our clients.

We believe this trilateral business model (i) creates business opportunities for our Group; (ii) assists database owners to realize the value of the database they possessed by offering them telemarketing proposals for their own products and by introducing them to our potential clients which could make use of their database in telemarketing projects delivered by our Group; and (iii) assists our potential clients, being the product owners, to have access to the database of a different clientele group and telemarketing option, and thus potentially expand their products to a new clientele group.

To create more business opportunities for us and create value for our clients, we also introduce reinsurer to our potential insurance company clients to share the upfront telemarketing costs. Our Directors believe this connection attracts potential insurance company clients which do not have much experience and expertise in telemarketing channel and reduce their upfront telemarketing costs.

One of the leading outsourced outbound contact service providers in Malaysia and experienced in providing outbound contact services for a vast range of financial products

We are one of the leading outsourced outbound contact service providers in Malaysia and experienced in providing outbound contact services for a vast range of financial products including insurance products and bank products.

We have vast experience in managing telemarketing projects for conventional and takaful insurance products. During the Track Record Period, over 80% of our revenue were derived from our clients in the insurance sector. For our insurance company clients, they are required by their respective industry association, being the General Insurance Association of Malaysia, Life Insurance Association of Malaysia and Malaysia Takaful Association to ensure that their outsourced contact centres satisfied a set of criteria. These criteria include, meeting minimum paid-up capital, reaching certain team leader to telemarketing sales representatives ratio, having team leaders and telemarketing sales representatives reaching certain training requirements and provision of certain corporate documents. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group had not encountered any difficulty in satisfying the criteria set out by the General Insurance Association of Malaysia, Life Insurance Association of Malaysia and Malaysia Takaful Association in the provision of outsourced contact services to our insurance company clients.

Besides marketing insurance products, during the Track Record Period, we also assisted our clients to market other bank products which include personal loan, credit card, balance transfer, loyalty points redemption programme, donation programmes for charitable bodies, bundles programmes such as promoting credit card with insurance plan offerings and registering members into loyalty card programme with insurance plan offerings. Our ability to provide telemarketing services for a vast range of financial products enables us to attract clients in the financial sector of different backgrounds and diversify our clientele composition. In addition, with clients in the financial sector of diverse backgrounds, we create business opportunities for our outbound contact services by connecting players in the financial industry, such as banks and insurance companies, and offer them with proposals such as jointly organised marketing projects and cross-selling of products to the customers of one another.

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Self-developed customisable CRM system

Our Group has the capability of developing our own CRM system, namely the Tele Response Solutions system, and our Directors believe that this enables the provision of cost-efficient outbound contact service. The Tele Response Solutions system is a suite of software fully integrated with our telephony systems and contact centres which its software modules allow us to perform customisable and cost-efficient project management. Our Directors believe that it helps to enhance our Group’s competitiveness in terms of meeting clients’ specific specifications speedily without relying on external suppliers for customisation. Our Group conducts development work for the enhancement and customisation of our CRM system and related applications to accommodate and meet the evolving service needs of our clients. We expect that the ongoing development of the Tele Response Solutions system is one of our competitive strengths.

In relation to our research, development and commercialisation of the Tele Response Solutions system, we were granted the MSC status for the period from 10 February 2010 to 9 February 2020, a recognition granted by the Government of Malaysia through the Malaysia Digital Economy Corporation for information and communication technology (ICT) and ICT-facilitated businesses that develop or use multimedia technologies to produce and enhance their products and services.

Effective and efficient human resource management and training

According to the Industry Research Report, staff recruitment and retention is a major challenge in the outbound contact service industry where outbound contact service providers often need to fulfill the required workstations ordered by clients in a short span of time. Our Group has an effective and efficient recruitment system whereby we rely on our internal referral network of our more than 1,000 staff. Our staff are given monetary incentives for their referrals. Our Group has the ability to recruit around 200 staff a month to meet clients’ manpower requirements. Other than recruitment by internal referral, we also utilise other traditional recruitment methods such as advertisements and recruitment events. During the Track Record Period, we have been able to meet our clients’ manpower requirements.

We consider training and development of our staff an essential component of our business. New hire induction training focuses on teaching new recruits about the contact service industry, product handling, soft skills and related information required to conduct their role as a telemarketing sales representative. Coaching activities are another major branch of our training efforts, where our telemarketing sales representatives would receive on-the-job coaching to boost quality of performance and working morale. In addition to training for new recruits, our Group develops new leaders by promoting them from within the rank and file of the operational level. These promotions to supervisory roles come with the appropriate training and mentoring in order to forge leadership material and to ensure our supervisory level is well equipped to manage human resources. Our Directors believe that continuous human resource development is critical, as a quality workforce will translate to stronger performance.

Total quality assurance

We use our best endeavour to deliver quality service to our clients by monitoring the services provided by our staff and conducting comprehensive training to equip, enhance and upgrade their skills and knowledge. Our Tele Response Solutions system allows us to monitor all calls, either in real time or through recorded voice logs. For the outbound contact service we provide, our service performance is

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usually measured by the rate of successful sales concluded during the calls made to the call recipients. Our quality assurance department is an independent department within our Group which operates to control sales quality. All calls which are concluded with a sale are reviewed to ensure they comply with our internal standards as well as our clients' requirements. We believe our high service quality is the key to allow us to remain competitive in the industry and ensure our ability to retain our clients.

Robust data security and stringent data control

We put paramount importance to data security as we handle large amount of data provided to us by database owners during our ordinary course of business. These data usually contain personal information of the call recipient, including their names and telephone numbers. We work with the database owners and our clients closely to devise data security measures for each project. We also cooperate with the database owners and our clients to assist them in addressing their data security requirements.

Our Group adopts an informative security management system to manage risks to our information assets by limiting access to such information on a strictly need-to-know basis. Our Tele Response Solutions system, enables us to restrict data access on a need-to-know basis at every level of operations. Our telemarketing sales representatives, for example, do not have access to call recipients' personal details, with phone calls being placed through the system and personal information masked from their view.

Electronic documents are protected in every process of our operation, including data access, transmission, storage and purging, through a combination of encryption, password protection, physical perimeter controls, access controls and education to all relevant staff. Our Group also have measures to support and maintain our anti-virus protection software, firewall devices, secure file transfer software and encryption software.

Our Malaysian Legal Advisers are of the view that our Group has been in compliance with the PDPA during the Track Record Period and up to the Latest Practicable Date.

BUSINESS STRATEGIES

The following constitute our current business strategies:

Further strengthen our market position as one of the leading outbound contact service providers in Malaysia by expanding our capacity

According to the Industry Research Report, we are the third largest outbound contact service providers in Malaysia in terms of revenue in 2015. For the year ended 31 December 2016, we had five contact centres with a total of 1,147 workstations and the average number of workstations ordered per month was 1,022. For the three years ended 31 December 2014, 2015 and 2016, the utilisation rate of our contact centres reached approximately 82.5%, 86.5% and 86.1%, respectively. According to the Industry Research Report, the market size of outsourced outbound contact service industry in Malaysia increased from approximately 4,700 workstations in 2010 to approximately 8,900 workstations in 2015, growing at a CAGR of 13.6% while the market size is expected to grow at a CAGR of approximately 8.4% and increase to approximately 13,300 workstations in 2020. We expect the demand for outsourced outbound contact service will continue to increase due to (i) the expected increase in household expenditures to drive the consumer market in Malaysia; (ii) the anticipated growth in household income

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in Malaysia contributed to the rapid increase in household expenditure in recent years; (iii) the expected steady development of the market performance of financial and other business services in Malaysia; and (iv) the improving system technologies and the expected increasing market demand for the big data analysis of downstream consumers. It is therefore important for us to expand our capacity so as to capture these market opportunities in the outsourced outbound contact service industry. For further details of market drivers, please refer to the section headed “Industry Overview — Growth drivers of the outsourced outbound contact service industry in Malaysia” in this document.

Our Directors believe that the rise of financial technology (“**Fintech**”) in the delivery of financial services by financial institutions would not reduce the need of telemarketing or have any material adverse impact on our outbound contact services business. Most of the products that we telemarket are financial and insurance products which, our Directors are of the view that, are more effective to sell through with a proactive and personalized approach. Outbound contact service provided by us allow potential customers of financial products to engage in real-time interactions with the telemarketing sales representatives so that the telemarketing sales representatives can understand the specific needs of the potential customers and address any questions and concerns they may have regarding the products. In addition, our Directors also believe that the development of new Fintech products may create the need to promote these products to potential consumers and thus generate opportunities for our outbound contact services business.

In addition to the general growth trend of the industry, expansion into the telemarketing of motor vehicle insurance is one of our major initiatives for growth of our outbound contact service business. On 23 March 2016, the BNM announced a plan for the gradual liberalisation of motor vehicle insurance tariffs in Malaysia, taking effect from 1 July 2016 (Financial Stability and Payment Systems Report 2015). The key effect is that motor vehicle insurance premiums are no longer tariffed at a fixed price, but rather being based on risk factors and allow the industry to offer products and add-on covers at market rates. Our Directors, with their understanding of telemarketing and insurance sectors, will work with the database owners and our clients, to actively explore telemarketing opportunities of motor vehicle insurance products. For the years ended 31 December 2014, 2015 and 2016, revenue derived from clients in the insurance sector accounted for approximately 91.2%, 84.8% and 80.7%, of our total revenue, respectively, being principally telemarketing of conventional and takaful insurance products. By expanding into the telemarketing of motor vehicle insurance, we can enhance our income while creating opportunities for us to telemarket bundles and cross-selling of various insurance products.

Besides our proposed plan to venture into the telemarketing of motor vehicle insurance, based on our established relationship with our clients and our understanding of our clients’ business profile and product line, our Directors foresee a growth potential in a number of outbound contact service areas, including the sale and activation of credit cards, balance transfers and donation programmes. We actively explore business opportunities in these outbound contact service areas with our existing clients and expect such outbound contact service areas would enhance our income and strengthen our market share.

We have been in negotiation with certain existing clients for workstations ordered for our future outbound contact services, in particular for the telemarketing motor vehicle insurance products and other aforementioned new programmes. Based on the present negotiation status with these existing clients and the best estimate of our Directors in light of the current market conditions, approximately 170 and 200

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additional workstations, respectively, would be ordered per month for the years ending 31 December 2017 and 2018 for our outbound contact services. However, the actual additional workstations to be ordered by our clients depends on the final outcome of our negotiations with our clients.

In order to (i) capitalise on the expected general market growth trend of the outsourced outbound contact service industry; and (ii) maintain sufficient capacity to meet the increasing demand for our outbound contact services, in particular for the telemarketing of motor vehicle insurance products and other new programmes, we plan to establish two contact centres for outbound contact services with an estimated total of 490 workstations in Kuala Lumpur, Malaysia. It is estimated that each of the planned contact centre would have a workstation capacity of 245 workstations. Based on the best estimate of our Directors in light of the current market conditions, the estimated capital expenditure for setting up each contact centre is approximately RM6.6 million, which include the estimated costs for hardware (including servers, network and storage devices, power and network cabling, PABX and headsets, computers), software and contact centre renovation, furniture, fittings and office equipment. Thus, the total estimated capital expenditure for setting up the additional two contact centres would be approximately RM13.1 million (equivalent to approximately HK\$22.7 million). In addition to the capital expenditure involved in setting up the outbound contact centres, based on the best estimate of our Directors in light of the current market conditions, approximately RM6.4 million would be expected to be incurred as staff costs and approximately RM1.8 million would be expected to be incurred as rental, utilities and telecommunication expenses for the first year of operation of each of these contact centres. Thus, the total estimated expenditure for hiring staff, paying rental and other related expenses for the first year of operation for the additional two contact centres would be approximately RM16.4 million (equivalent to approximately HK\$28.4 million).

Based on the current market conditions, our Directors expect that the first additional outbound contact centre will commence operation in the second half of 2017 and the second additional outbound contact centre in the second half of 2018. We intend to utilise approximately [REDACTED]% of our net proceeds, or approximately HK\$[REDACTED] million, from the [REDACTED], as well as our operating cash flow on this expansion plan.

Capitalise on the potential of inbound contact services by setting up an inbound contact centre

According to the Industry Research Report, outsourced inbound contact services refers to telephone customer services such as handling of customer enquiry, after service calls, product and service inquiries that are outsourced to a third-party contact service provider. As opposed to outbound contact service where in general outbound calls are made from the contact centre of the outsourced outbound contact service providers, inbound calls are received by the call centre of the outsourced inbound contact service providers. Outsourced inbound contact service providers plays the role of intermediary to receive enquiry calls from customers on behalf of the product or service providers to offer customer relationship maintenance services such as providing solutions or receiving comments and complaints of the products or service from consumers.

Our Directors noticed that as our clients of outbound contact services grow in business through more marketing and sales, they are in need of expansion of their inbound contact services capacity to accommodate the growing demands of their new and potential customers. As a cost-efficient way to manage inbound customers' enquiry, outsourcing inbound contact service is an increasingly popular option over setting up internal inbound contact centre. According to the Industry Research Report, the

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total revenue of outsourced inbound contact service industry in Malaysia increased from approximately RM885.3 million in 2010 to approximately RM1,728.5 million in 2015, growing at a CAGR of 14.3%; and the market size is expected to grow at a CAGR of approximately 10.7% and increase to approximately RM2,877.7 million in 2020 mainly attributable to a healthy growth in the Malaysian economy and household income, and higher standard of living which brings more customer service opportunities. The outsourced inbound contact service market is relatively concentrated with the top five outsourced inbound contact service providers taking up approximately 43.8% of the market share in terms of revenue in 2015. For further details of the competitive landscape, future opportunities and market trend of the outsourced inbound contact service industry in Malaysia, please refer to the section headed “Industry Overview — The outsourced inbound contact service industry in Malaysia” in this document.

According to the Industry Research Report, the market size of the outsourced outbound contact service industry in Malaysia in 2020 will be approximately 13,300 workstations with a CAGR of 8.4% since 2015. In contrast, the market size of the outsourced inbound contact service industry in Malaysia is projected to increase to approximately 37,900 workstations with a CAGR of 12% over the same period, which is approximately three times the market size of the outbound contact service industry. Thus, our Group plans to leverage our position as one of the market leaders in outbound contact services and our relationships with our existing clients to expand into the business of providing inbound customer service solutions to our clients. According to the Industry Research Report, all of the other top five service providers in the outsourced outbound contact service industry in Malaysia in 2015 were also one of the top five service providers in the inbound contact service industry in Malaysia in terms of revenue in 2015. Our Directors thus believe that our intended development of inbound contact service business is a natural expansion of our Group’s business in line with the market trend.

It is our business strategy to initially source clients for outsourced inbound contact services from our existing clients of outbound contact services. A majority of our existing clients of outbound contact services are financial institutions, being insurance companies and banks in Malaysia. We have extensive experience in serving these financial institutions and managing telemarketing projects for their financial products. We plan to penetrate inbound contact services by targeting these financial institutions, being our major clientele of our outbound contact services. According to the Industry Research Report, the top five service providers in the inbound contact service industry in Malaysia provide services to clients in various industries including government, telecommunication, banking, financial, insurance, healthcare and education, with none of such service providers predominately focusing on serving clients in the financial industry. Our Directors believe that we have the edge over our competitors in the provision of inbound contact services to financial institutions in Malaysia and in particular, our existing clients of the outbound contact services, being (i) having established business relationship with these financial institutions through our provision of outbound contact service to them; (ii) having established reputation of our quality of service among our existing clients; (iii) possessing in depth understanding of the business of the financial institutions whom we targeted to provide services to and their financial products; and (iv) having experience in the outbound contact service which allow us to make suggestions to such clients to make cross selling of client’s products in the same call received during the course of provision of inbound contact service. As at the Latest Practicable Date, we have been in negotiations with certain existing clients on the proposed outsourced inbound contact services to be offered by us. We expect outsourced inbound contact services offered by us would include (i) handling inbound

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customers enquiry; (ii) handling inbound customers enquiry and subsequent cross-selling of clients’ products in the same call; and (iii) handling inbound marketing project where we handle prospective customers’ queries of our clients’ services or products.

We foresee that inbound contact services can be complementary to our existing outbound contact services. We could analyse the data generated from our operation of the inbound contact services, which may include analysis of the nature and frequency of incoming calls. If personal data is processed during such analytic process, we would ensure that the necessary consent from the callers is obtained in accordance with the relevant laws and regulations regarding personal data protection. We may then provide these analytic information to our inbound contact service clients to enable such clients to gain insights into their customers’ behaviours in general. Such analytic information, such as nature and frequency of incoming calls, could also assist such clients to understand the potential need and expected behavior of prospective call contacts for future products. Such clients could then devise more effective telemarketing strategy by conducting data mining and profiling of their own database to target call recipients with specific demographic details so as to increase the suitability and marketability of specific products. Our Directors believe that such telemarketing strategy can be complementary to our outbound contact service delivered to such client. Our Malaysian Legal Advisers are of the view that (i) such proposed analysis of operational data of our inbound contact services and (ii) such data mining and profiling processes to be conducted by our inbound contact service clients of their database for the purpose of targeted marketing and promotion for their customers would be in compliance with the relevant laws and regulations regarding personal data protection in Malaysia provided that relevant consent has been obtained from the callers for processing and using their personal data. We may also propose cross selling client’s products in the same enquiry call we received in the delivery of our inbound contact service and may assist our clients in designing cross-selling strategy for different incoming calls. Further, both models of handling inbound customers enquiry and subsequent cross-selling of clients’ products; and handling inbound marketing project where we handle customers queries of our clients’ services or products make use of our years of experience in telemarketing. In addition, with the development of inbound contact services business, our Directors believe that we can have a more efficient deployment of staff with different capabilities. Staff that are good at customers support can be deployed to our inbound contact services business while staff that are good at sales can be deployed to our outbound contact services business, so as to achieve efficient use of staff. Our Directors thus believe that the provision of inbound contact services could give us an edge in providing a comprehensive contact centre solution for our clients and offer business synergy.

Our Directors do not foresee the development of financial technology (“**Fintech**”) would have any material adverse impact on our proposed inbound contact services business. Our Directors are of the view that development of new Fintech products or procedures, such as new settlement method or automation of certain bank procedures, would potentially create the need for customers support to explain and educate the users when they encounter difficulties in usage, and thus may generate opportunities for our inbound contact services business.

According to the Industry Research Report, when compared to outbound contact services, inbound contact services adopt a set of different performance indicator which is usually clients’ satisfaction level. The demand and pricing of inbound contact services are generally not performance-linked and are more stable. We thus expect the provision of inbound contact services can broaden and diversify our revenue

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stream by giving us a recurrent and stable income. Additionally, we also expect that, by delivering inbound contact services, we can expand our current service scope with our existing clients and attract new clients.

With our experience, expertise and business connections accumulated in the outbound contact service industry, our Directors believe that our Group has the capability and resources to embark this new business initiative of the provision of outsourced inbound contact services given (i) the management of an inbound contact centre share similar essential features with the management of an outbound contact centre; (ii) our Group has been keeping abreast of the technological development in the contact service industry; and (iii) our Group’s business connections with existing clients and database owners serves as potential source of clients for our outsourced inbound contact services.

Management structure. We believe the management of an inbound contact centre share similar essential features with the management of an outbound contact centre, including human resource requirements, staff trainings and data security. According to the Industry Research Report, both inbound and outbound contact service industries are labour intensive in nature and that the continuous availability of human resource and staff training is of paramount importance. Our Group has an effective and efficient recruitment system whereby we rely on our internal referral network of our more than 1,000 staff. We expect to leverage our expertise and experience in staff recruitment to meet the expected manpower requirements of the provision of outsourced inbound contact services. We are also experienced in providing our staff with adequate and comprehensive training and development opportunities. Many of the current trainings offered to our staff, including leadership and organisation, soft skills, quality and call monitoring, selling techniques and product training, are also applicable to the provision of outsourced inbound contact services. We expect to hire external coaches to deliver training specific to outsourced inbound contact service industry which may include enhancing customer experience and satisfaction and managing difficult customers. According to the Industry Research Report, both inbound and outbound contact service industries share similar contact centre set-up and data security requirement. Thus, our experience in contact centre set-up and arrangement and data security measures can be of use in the provision of outsourced inbound contact services. In addition, given the similarity in the essential features of management and the shared functionalities of many of our existing resources between outsourced outbound contact service industry and outsourced inbound contact service industry, our Directors believe that our Group has the management capability to expand our business to this new business initiative.

Technological requirements. Our Group’s information technology department has been keeping abreast of technological updates of information technology infrastructure, information communication technology network, computer systems, information security and telecommunication facilities. We intend to engage external consultant to advise on the proposed technological requirements of an inbound contact centre. Based on our preliminary studies of the technological requirements of the inbound contact centres and the required capital requirements, we believe we have the adequate financial resources and expertise to acquire appropriate information technology facilities.

Group’s business connections. According to the Industry Research Report, corporations in the financial sector are key source of demand for both outbound contact service and inbound contact service. Given most of our revenue were derived from clients in the insurance, banking and financial industry during the Track Record Period, our Directors believe that we are able to secure clients for our new business through our connections with our existing clients and database owners.

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To pursue this strategy, we intend to establish a contact centre for the provision of inbound contact services with an estimated total of 210 workstations in Kuala Lumpur, Malaysia. Based on the best estimate of our Directors in light of the current market conditions, the estimated capital expenditure for setting up such contact centre is approximately RM5.3 million (equivalent to approximately HK\$9.1 million), which include the estimated costs for hardware (including servers, network and storage devices, power and network cabling, headsets, computers), software and contact centre renovation, furniture, fittings and office equipment. In addition to the capital expenditure involved in setting up the inbound contact centre, based on the best estimate of our Directors in light of the current market conditions, approximately RM9.5 million (equivalent to approximately HK\$16.5 million) would be expected to be incurred for recruiting (i) customer service agents, personnel who receive inbound calls at the contact centre; and (ii) supporting personnel, including supervisory staff, trainers and project managers experienced in inbound contact services, from the expected date on which such contact centre commences operation till the end of 2018.

Our Directors expect that the set up of such inbound contact centre and the recruitment of relevant staff would take place in stages according to the then prevailing market demand and conditions. Based on the best estimate of our Directors, approximately 80 workstations would be set up and available to provide inbound contact service in the second half of 2017. We intend to utilise approximately [REDACTED]% of our net proceeds, or approximately HK\$[REDACTED], from the [REDACTED], as well as our operating cash flow on this expansion plan. The relevant estimated investment payback period is expected to be approximately 5 year after setting up the inbound contact centre after taking into account a number of factors including (i) projected profitability; (ii) staff costs and other related expenses such as rental, utilities and telecommunication expenses; and (iii) depreciation of additional property, plant and equipment for setting up such contact centre.

Upgrade and enhance existing information technology system and develop a comprehensive system for billing and reconciliation services

Our in-house developed CRM system, the Tele Response Solutions system, is critical to our delivery of cost-efficient outbound contact services. We plan to further upgrade and enhance the Tele Response Solutions system to complement our growth and expansion. Further, we intend to continuously improve our Group's information technology infrastructure, information communication technology network, computer systems, information security and telecommunication facilities to keep abreast with the technological updates.

Besides upgrading our existing information technology system, leveraging on our understanding with our clients' business and industry, we intend to develop a comprehensive system for billing and reconciliation services for clients who do not have an effective monthly billing system to process payment or premium of their products on a monthly basis, instead of on an annual basis. We plan to develop a new software system to assist clients in restructuring their back end billing process to suit the monthly nature of products sales in order to increase their reconciliation efficiency and billing persistency. Our Directors believe that such software system can enhance our clients' collection capability and thus can improve our ability to retain clients and make us more competitive in the market. We shall charge a minimal service fees for each billing made and we expect this can serve as a new recurrent source of income. Further, we intend to apply for the MSC status for this new system for

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billing and reconciliation services and we expect this new system can be qualified to obtain the MSC status and thus a pioneer status from Malaysian Investment Development Authority for tax exemption entitlement.

We intend to utilise approximately [REDACTED]% of our net proceeds, or approximately HK\$[REDACTED] million, from the [REDACTED], as well as our operating cash flow on this expansion plan.

OUR BUSINESS MODEL

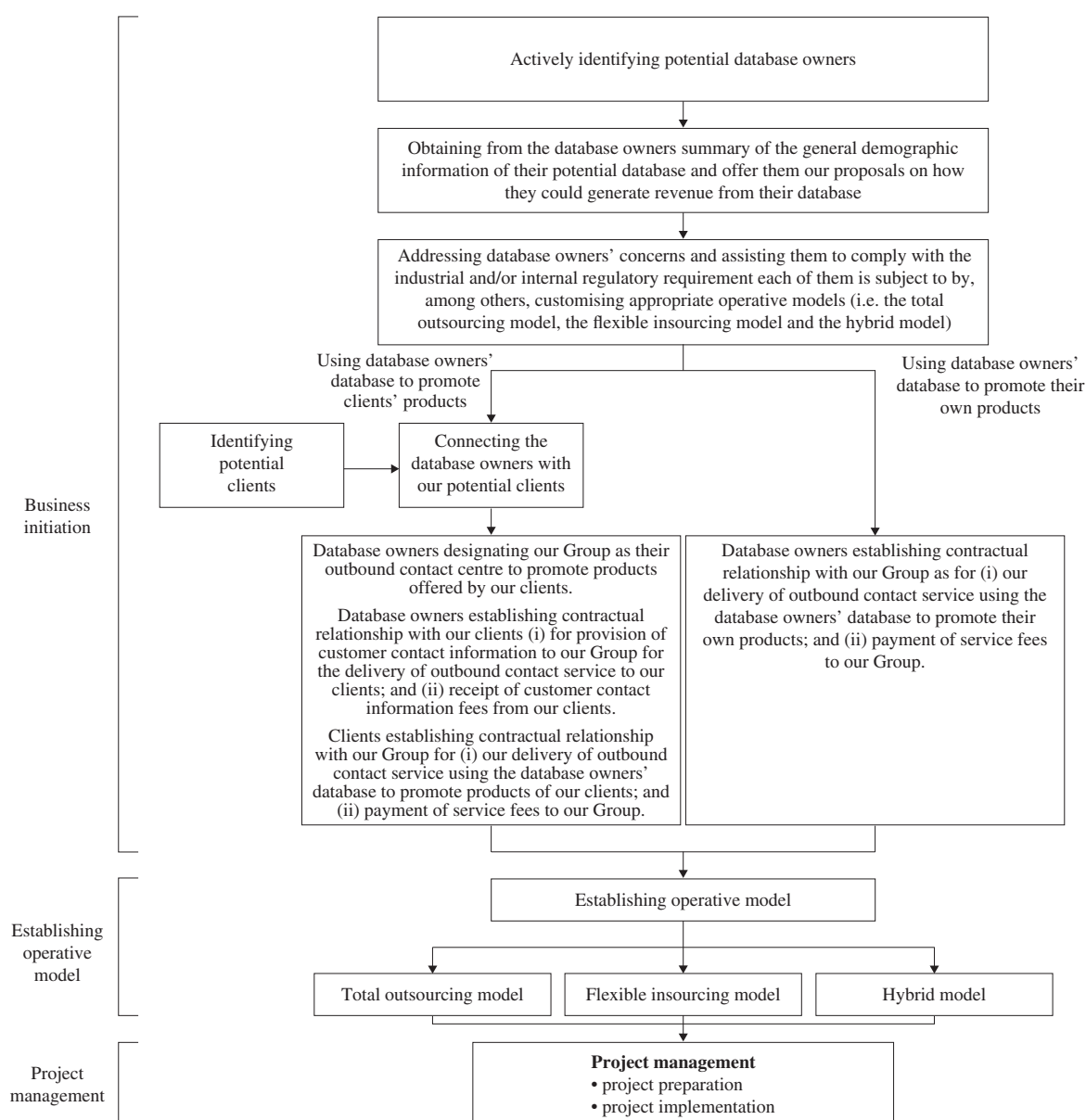
We provide outbound contact services which our clients outsourced to us using the customer contact information provided to us by the database owners we cooperate with. During the Track Record Period, we provided various outbound contact services including telemarketing services for insurance products (including conventional and takaful insurance products), promoting credit cards, handling redemption programmes for loyalty cards, donation programmes, conducting customer’s information update programmes, cross-selling and up-selling of products. For the years ended 31 December 2014, 2015 and 2016, revenue derived from our clients in the insurance sector accounted for approximately 91.2%, 84.8% and 80.7% of our revenue, respectively.

According to the Industry Research Report, conventionally, clients of the outbound contact service providers which intend to outsource their telemarketing function would obtain the right to use database from relevant database owners before engaging appropriate outbound contact service provider to execute their telemarketing projects. Under this conventional approach, outbound contact service providers usually passively wait and bid for projects offered by potential clients and have little or no input to the product and specifications of project management. According to the Industry Research Report, most of the outbound contact service providers in Malaysia adopt this conventional business model.

With our deep understanding of the telemarketing industry and the financial industry, we understand that there is a potential information gap between our potential clients who are in need of outbound contact services and database owners who possess valuable customers’ contact information. Thus, instead of adopting the conventional business model where outbound contact service providers wait and bid for projects offered by potential clients, we focus on creating business opportunities by cooperating with the database owners and connecting them with our potential clients who are in need of outbound contact services.

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The following flowchart is a general overview of our business model:



Business initiation

We actively identify potential database owners which we can cooperate with by reviewing their profiles and through (i) referrals from our previous and existing clients or database owners; and (ii) the business network of our management team who has experiences in the insurance industry and telemarketing industry. We approach potential database owners and obtain from the database owners summary of the general demographic information of their database, such as age range of the customers of such database owners, and offer them our proposals on how they could leverage on their database of customers' contact information. Our Malaysian Legal Advisers advised that since no document or information relating to the affairs or account of any particular customer of the database owner, which are being able to directly or indirectly identifies the particular potential customers, will be provided to

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our Group, neither our Group nor the database owners would be in breach of the PDPA, the Financial Services Act 2013, the Islamic Financial Services Act 2013 or other applicable Malaysian laws and regulations during such process.

Some of the potential database owners we identified are sizable financial institutions regulated by their own internal guidelines and local industry standards and regulations, including those requirements issued by the BNM. For further details of the internal guidelines and local industry standards and regulations that the database owners are subject to, please refer to the paragraph headed “Establishing operative model with database owners” in this section below. Our Group assists the database owners in complying with their internal requirements and other specific regulatory requirements, safeguards and conditions which each of them are subjected to as well as mitigating the security risks of the information disclosed to our Group in undertaking the telemarketing process, by among other things, (i) customising and implementing different operative models in terms of the provision of contact centre facilities and staff management; (ii) having in place such specific data security measures; and (iii) assisting them in answering queries which the BNM may have regarding the outsourcing arrangement.

We would also discuss with the database owners on how to realise the value of the database possessed by them. We would suggest the database owners to consider to use their database to:

- (i) promote third parties’ products. We would identify potential clients with suitable products in need of telemarketing services and introduce them to the database owners we cooperate with to make use of the database possessed by the database owners; and/or
- (ii) if the database owners have suitable products, promote their own products.

Using database to promote clients’ products

Our business development department is responsible for soliciting new businesses from our potential clients through enquiries, referrals and active pitching. It collects clients’ requirements regarding our outbound contact services including products to be marketed, preferred call list size, expected rate of successful sales and preferred outsourcing arrangement. In some cases, to create more business opportunities for us and create value for our clients, we also introduce reinsurer to our potential insurance company clients to share their upfront telemarketing costs which our Directors believe this connection attracts potential insurance company clients which do not have much experience and expertise in telemarketing channel and would reduce their upfront telemarketing costs.

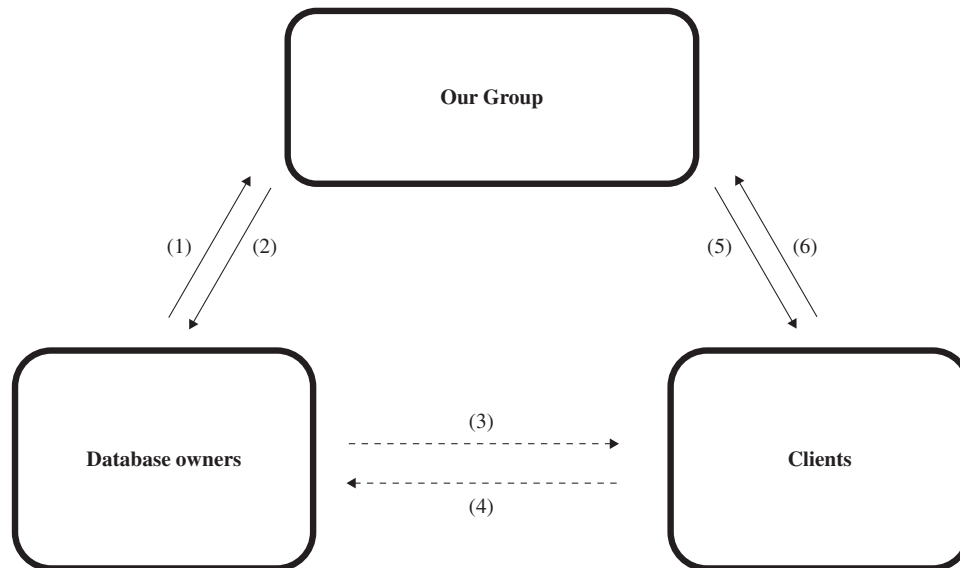
We would introduce our potential clients in need of outbound contact services to make use of the database possessed by the database owners. The database owners can realise the value of their database by offering the right to use the database to our potential clients we introduce to them. As providers of database, database owners are able to generate revenue from our clients for the provision of the use of the database to promote the clients’ products. If the database owners accept our proposed arrangement with our potential clients, such database owners would designate our Group as their outbound contact centre to promote products offered by our clients.

After considering the availability of resources in terms of human resources, workstations, telecommunication facilities and system customisation, the business development department then prepares the corresponding service quotation or proposal to the client for consideration. Upon acceptance by the client of our quotation or proposal of arrangement with database owners we introduced them to,

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such clients would then engage us for the provision of outbound contact services using the database of the database owners introduced by us and we receive service fees from the clients in return. At the same time, such clients would establish contractual relationship with the database owners we cooperate with for (i) the provision of customer contact information by the database owners to our Group for the delivery of outbound contact service to our clients; and (ii) the payment of fees to the database owners for the customer contact information used. Our Group is not responsible to pay any fees for the customer contact information used in our telemarketing process.

The diagram below demonstrates our relationship with our clients and database owners:



Notes:

- (1) • Designating our Group as their outbound contact centre to promote products offered by our clients
- Transmitting customer contact information to our Group and assisting in database segmentation for a specific project
- (2) • Connecting database owner with potential clients
- Assisting and cooperating with database owner in establishing operative models which complies with its industry or internal regulatory requirements
- (3) Provision of customer contact information to our Group for the delivery of outbound contact service to our clients
- (4) Payment of customer contact information fees
- (5) Provision of outbound contact services
- (6) • Appointing our Group as their outsourced outbound contact services provider
- Payment of outbound contact service fees

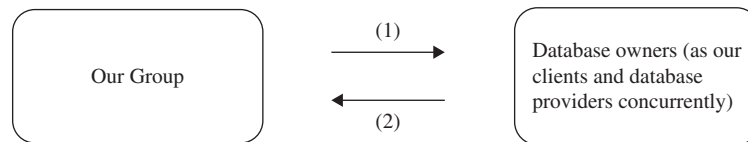
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Our Directors believe that this 3-pronged approach of connecting database owners and potential clients is one of our competitive edges as it not only creates business opportunities for us, but also assists our clients and database owners in acquiring new business partners; and in turn allows database owners to realize the commercial value of the customers contact information they possess and allows our clients to expand their business to new clientele group. This approach also makes cross-selling possible, for example, we have been telemarketing credit card and insurance products in the same outbound telemarketing call we made to the call recipients.

Using database to promote database owners’ own products

Apart from using the database to promote third parties’ products, we would explore with database owners in which they may use their database to promote their own products through outbound contact service delivered by us. Such database owners, as our clients and database providers concurrently, would engage us to provide outbound contact services using their database. In return, we receive service fees from such database owners for the service we deliver. In such model, since the database owners act as both our client and database provider concurrently, no payment of customer contact information fees are involved.

The diagram below demonstrates our relationship with such database owners:



Notes:

- (1)
 - Provision of outbound contact services
 - Assisting and cooperating with database owners in establishing operative models which complies with their industry or internal regulatory requirements
- (2)
 - Appointing our Group as their outsourced outbound contact services provider
 - Provision of customer contact information
 - Payment of outbound contact service fees

During the Track Record Period, we cooperated with 17 database owners, 10 of which were also our clients which we offered them outbound contact services to promote their own products. For the years ended 31 December 2014, 2015 and 2016, the revenue generated from clients who were also the database owners amounted to approximately RM11.5 million, RM9.2 million and RM9.8 million, representing approximately 19.8%, 13.3% and 13.4% of total revenue of the respective years. During the Track Record Period, out of the 10 database owners we cooperated with who are also our clients, five of whom adopted the total outsourcing model, three of whom adopted the flexible insourcing model and two of whom adopted the hybrid model.

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Establishing operative model with database owners

During the Track Record Period, database owners which we have cooperated with are banks, telecommunication companies and loyalty card companies. Some of the database owners we cooperated with are sizable financial institutions regulated by their own internal guidelines and local industry standards and regulations, including those requirements issued by the BNM.

Internal restrictions

During the Track Record Period, the database owners which our Group cooperated with includes sizable corporations where outsourcing to an outbound contact centre would need to pass through a series of internal procedures and obtain internal approvals from various internal departments and/or the board of directors. We assist such database owners in obtaining their internal approvals by, amongst others, (i) providing them with information about our Group, such as background information, telemarketing experience, copies of statutory documents and accounts; (ii) assisting them in regular checks on our Group’s internal procedures; (iii) addressing their concerns including data security, risk management and contact centre and staff management by replying their queries and establishing appropriate operative models; and (iv) providing them with project management proposals.

Local industry standards and regulations

The database owners which our Group cooperates with are obligated to comply with the PDPA. Pursuant to the relevant provisions of the PDPA, as advised by our Malaysian Legal Advisers, database owners are required to take practical steps to observe the obligations imposed on them as data users, which include to protect the personal data from accidental access or disclosure.

Further, such database owners which are financial institutions in Malaysia (“**FI**”) are further subject to (i) provisions under the Financial Services Act 2013 or the Islamic Financial Services Act 2013 (the “**Financial Services Secrecy Laws**”) which provides that FI shall not disclose to another person any document or information relating to the affairs or account of any of its customers; and (ii) the supervision of the BNM and the regulatory requirements, conditions, guidelines or standards imposed on them by the BNM (collectively the “**Financial Secrecy Laws and Regulations**”). For details of the Financial Secrecy Laws and Regulations, please refer to the section headed “Regulatory Overview” in this document. The risk mitigation measures which are required to be adopted by such database owners which are FIs internally in order to fulfil the relevant risk management requirements of the Financial Secrecy Laws and Regulations vary. Such database owners would adopt appropriate measures based on their assessment of the risks undertaken by themselves and such measures would translate to internal restrictions to transfer their database to places outside its own premises and/or conducted by personnel who are not their employees.

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As advised by our Malaysian Legal Advisers, the Financial Services Secrecy Laws and Regulations do not set out any requirement for approvals to be obtained by the database owners which are FIs from the BNM for their outsourced telemarketing activities conducted within Malaysia. However, as advised by our Malaysian Legal Advisers, such database owners are obligated to provide notification to the BNM, including the details of the outsourced telemarketing services provider and the outsourced telemarketing services, at least two weeks before entering into any agreement with an outsourced telemarketing service provider. Our Directors understand from the database owners that no outsourcing arrangement entered into between our Group and such database owners has been objected or disapproved by the BNM.

In order to assist the database owners to comply with relevant the industrial and internal regulatory requirements each of them is subject to, during the Track Record Period, we customised and established three different kinds of operative models to cater the different requirements of the database owners in the provision of outbound contact services in terms of the provision of contact centre facilities and the staff management, namely, the total outsourcing model, the flexible insourcing model and the hybrid model.

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The table below sets out a summary of our Group’s revenue, average number of workstations ordered and number of database owners we cooperated with by the operative models during the Track Record Period.

	Year ended 31 December											
	2014			2015								
	Revenue RM'000	% of total revenue	Number of workstations ordered on a monthly average basis	Number of database owners	Revenue RM'000	% of total revenue	Number of workstations ordered on a monthly average basis	Number of database owners				
<i>Total outsourcing model</i> — Provision of contact service through our outbound contact centre and our staff	38,402	66.3	526	11	41,211	59.7	572	8	33,865	46.3	463	8
<i>Flexible insourcing model</i> — Provision of outbound contact service through insourcing our staff to work at the database owners' contact centre	4,218	7.3	60	2	7,634	11.1	115	3	11,754	16.1	199	3
<i>Hybrid model</i> — Provision of outbound contact service through contact centre we subleased to database owners	15,319	26.4	207	2	20,160	29.2	252	2	27,542	37.6	360	2
Total	57,939	100	793	15	69,005	100	939	13	73,161	100	1,022	13

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Total outsourcing model — Provision of outbound contact service through our contact centre and our staff

Database owners which are subject to minimal regulatory or internal restrictions would opt for this operative model under which database owners’ database are transmitted to our contact centres and used by our telemarketing sales representatives to deliver outbound contact services to our clients. We provide outbound contact services to our clients using the database provided by such database owners through our contact centre facilities with our own customised CRM system and our telemarketing sales representatives. Compared with other operative models, database owners adopting this operative model would have minimal capital outlay and minimal management efforts.

As at 31 December 2016, we had eight database owners adopting this arrangement. We had 463 workstations ordered on a monthly average basis under this operative model, representing approximately 45.3% of the total workstations ordered on monthly average basis for the year ended 31 December 2016. We derived revenue in the amount of approximately RM38.4 million, RM41.2 million and RM33.9 million for the years ended 31 December 2014, 2015 and 2016, respectively, from the outbound contact services we delivered to our clients using database provided by such database owners we cooperated with under this operative model.

Flexible insourcing model — Provision of outbound contact service through insourcing our staff to work at the database owners’ contact centre

Where database owners are restricted by regulatory or internal control measures to transfer the database they possessed to external contact centre outside their premises, database owners could opt for this operative model under which database owners’ database are to be used in their in-house contact centres under their control but the outbound contact services are to be delivered by our telemarketing sales representatives we insourced to their in-house contact centres. Thus, there are no transmission or usage of database owners’ database outside their own premises.

Under the operative model, we are responsible to insource our telemarketing sales representatives to the database owners’ in-house contact centres for the provision of outbound contact services to our clients. We are responsible for the entire recruitment process of the staff insourced, which includes recruitment advertising, interview and assessment; employment contract maintenance; on-going routine payroll management; and other administrative support. We are also responsible for the continuous training and management of our staff working at the database owners’ contact centres. In some cases, we are responsible for certain occupational fees and utilities charges of the database owner’s contact centres. We paid approximately RM327,000, RM419,000 and RM554,000 for the years ended 31 December 2014, 2015 and 2016, respectively as occupational fees and utilities charges to the database owners under this operative model. Our Malaysian Legal Advisers are of the view that such insourcing arrangement of our staff to the database owners’ premises has been in compliance with the relevant employment laws and regulations of Malaysia during the Track Record Period and up to the Latest Practicable Date.

Compared with other operative models, database owners adopting this operative model would have higher capital outlay in the provision and maintenance of contact centre infrastructure and workstation setup; while having full control over system access, data security and data control to ensure their regulatory compliance.

As at the Latest Practicable Date, we insourced our staff to three contact centres at the premises of three database owners respectively. These three contact centres are located within the central business district of Kuala Lumpur, Malaysia.

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As at 31 December 2016, we had three database owners adopting this arrangement. We had 199 workstations ordered on a monthly basis under this operative model, representing approximately 19.5% of the total workstations ordered on monthly average basis for the year ended 31 December 2016. We derived revenue in the amount of approximately RM4.2 million, RM7.6 million and RM11.8 million for the years ended 31 December 2014, 2015 and 2016, respectively, from the outbound contact services we delivered to our clients using database provided by such database owners we cooperated with under this operative model.

Hybrid model — Provision of outbound contact service through contact centre we subleased to database owners either by our staff or the database owners' staff

Database owners which are restricted by regulatory or internal control measures to transfer the database they possessed to external contact centre outside their premises and that such database owners do not have the time, capital or experience required to establish an in-house contact centre, database owners could opt for this operative model. Under this operative model, the database owners' database are to be used in contact centre we established and subleased to them and the outbound contact services are to be delivered either by our staff or the database owners' staff. Thus, there are no transmission or usage of database owners' database outside the premises leased by them.

In either cases where the outbound contact services are to be delivered by our staff or the database owners' staff, under this operative model, we are responsible for the continuous training and management of the staff working in such contact centres. Irrespective of whether the relevant database owner is also our client, where the outbound contact services are to be delivered by database owners' staff, the database owner is responsible for the basic salary of its staff while we are responsible for their incentive-linked commission. For the years ended 31 December 2014, 2015 and 2016, we paid approximately RM[REDACTED] million, RM2.0 million and RM2.0 million as incentive-linked commission to database owners' staff. Our Malaysian Legal Advisers are of the view that the subleasing arrangements with the database owners were not in breach of any tenancy agreements we had with our landlords during the Track Record Period and up to the Latest Practicable Date.

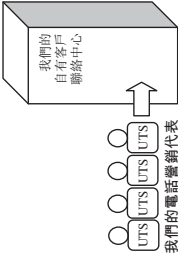
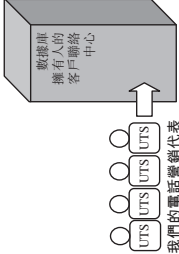
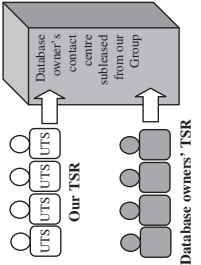
We received rents for subleasing our contact centres to the database owners. We received approximately RM389,000, RM440,000 and RM601,000 for the years ended 31 December 2014, 2015 and 2016, respectively, as rental fees of the contact centres from the database owners.

Compared with other operative models, database owners adopting this operative model would have less capital outlay and no capital depreciation than the flexible insourcing model as we provide and maintain contact centre infrastructure and workstation setup by way subleasing to database owners; while having full control over system access, data security and data control to ensure their regulatory compliance.

As at 31 December 2016, we had two database owners adopting this arrangement. We had 360 workstations ordered on a monthly average basis under this operative model, representing approximately 35.2% of the total workstations ordered on monthly average basis for the year ended 31 December 2016. We derived revenue in the amount of approximately RM15.3 million, RM20.2 million and RM27.5 million for the years ended 31 December 2014, 2015 and 2016, from the outbound contact services we delivered to our clients using database provided by such database owners we cooperated with under this operative model.

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The table below sets out a summary of the major differences of the three operative models we have with the database owners we cooperate with during the Track Record Period.

Operational arrangement				Fees arrangement		
Contact centres facilities — the provision and maintenance of contact centre infrastructure and workstation setup	Telemarketing sales representatives deployment — the provision of labour force	Telemarketing sales representatives deployment — the provision of training	Role of database owners	Location of use of database owners	Fees received by our Group from our clients	Fees paid by our Group to database owners to other parties
Our Group	Our Group	Our Group	Provision of the right to use the database	In our own contact centres	Service fees	Nil
Total outsourcing model						
						
Database owners	Our Group	Our Group	- Provision of the right to use the database; - Provision and maintenance of contact centre infrastructure and workstation setup	In database owners' in-house contact centres	Service fees	Nil
Flexible insourcing model						
						
Our Group is responsible for: - setting up and maintaining the contact centre infrastructure and workstation; - subleasing the established contact centres to the database owners.	Our Group; or Database owners.	Our Group	- Provision of the right to use the database; - Lease of the contact centre for outbound contact centre from our Group; and (If applicable) employment of the telemarketing sales representatives to deliver outbound contact service.	In database owners' established and subleased to them (no transmission or usage of database owners' database outside the premises leased by them)	Service fees	Rents for subleasing our contact centres to the database owners
Hybrid model						
						
Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.	Our Group generally price our services on a “cost-plus” basis after taking into consideration a number of factors.

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Compliance of the operative models with database owners

Our Malaysian Legal Advisers are of the view that our Group has been in compliance with the relevant laws and regulations of Malaysia in our business operations under the three operative models with database owners during the Track Record Period and up to the Latest Practicable Date and our Group’s business model will not be subject to any challenge by any competent authorities.

Compliance with the PDPA

As advised by our Malaysian Legal Advisers, regardless of the operative models, in providing the service of outbound telemarketing services and processing the personal data transferred to our Group by the database owners for and on behalf of the database owners or our clients, our Group acts as a “data processor” pursuant to the PDPA. While the database owners remain as the party which has control over or authorizes the processing of the database, the database owners act as “data users” pursuant to the PDPA. As advised by our Malaysian Legal Advisers, the data protection principles under the PDPA are imposed only on the “data users” and not the “data processors”. Our Malaysian Legal Advisers thus advised that our Group does not have any statutory obligations under the PDPA in respect of compliance with the data protection principles in all of the operative models.

The database owners are subject to the statutory obligations of compliance with the data protection principles imposed on data users pursuant to the PDPA. As advised by our Malaysian Legal Advisers, the PDPA provides that unless consent is obtained, personal data held by a data user should not be processed and/or disclosed for any other purpose than the purpose for which the personal data was disclosed or a purpose relating to the initial purpose, or to any party not specified within the notice given to a data subject.

Based on the legal due diligence review conducted by our Malaysian Legal Adviser and the independent due diligence conducted by the Sole Sponsor, including independent searches, such as public searches and media searches on our Group, our major database owners and major clients, interview with the Personal Data Protection Commissioner, interviews with our Group’s major customers and database owners, samples of forms requesting consent from customers of database owners obtained, and confirmations obtained from the database owners, our Malaysian Legal Advisers are of the view, and the Sole Sponsor concurs, that our Group and the database owners in carrying out the business operations under the three operative models had been in compliance with the PDPA.

For further details of the PDPA and its application to our business model, please refer to the section headed “Regulatory Overview” in this document.

Compliance with the Financial Services Act 2013 and the Islamic Financial Services Act 2013 (“the Financial Services Secrecy Laws”)

Database owners, who are FIs, are subject to Financial Services Secrecy Laws. As advised by our Malaysian Legal Adviser, the Financial Services Secrecy Laws provide that no person who has access to any document or information relating to the affairs or account of any customer of a financial institution (“FI”) shall disclose to another person any document or information relating to the affairs or account of any customer of the FI, except to a third party which is engaged to perform such outsourced functions for such FI. For further details of the Financial Services Secrecy Laws, please refer to the section headed “Regulatory Overview” in this document. The disclosure made by the FIs to our Group for the

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purpose of undertaking outsourcing functions as the designated outbound contact centre for the FIs, notwithstanding the operative models, are thus exempted from the banking secrecy provisions under the Financial Services Secrecy Laws.

In addition, according to our Malaysian Legal Advisers, database owners, who are FI(s), are also subject to the stringent requirements of the BNM in relation to outsourcing outbound contact services and making use of their databases. The BNM has mandated minimum requirements and procedures for FIs to adopt in their operational framework with the aim of, amongst others, enhancing banking secrecy and personal data protection compliance. These FIs are statutorily required to comply with such requirements and procedures set by the BNM.

Based on the legal due diligence review conducted by our Malaysian Legal Advisers and the independent due diligence conducted by the Sole Sponsor, including independent searches such as public searches and media searches on our Group, our major database owners and major clients, interview with the representative of the BNM, interviews with our Group’s major customers and database owners, samples of forms requesting consent from customers of database owners obtained, and confirmations obtained, and confirmations obtained from the database owners, our Malaysian Legal Advisers are of the view, and the Sole Sponsor concurs, that our Group and the database owners in carrying out the business operations under the three operative models had been in compliance with the Financial Services Secrecy Laws.

Contractual obligations of our Group

Although (i) our Group is a “data processor” pursuant to the PDPA and does not have any statutory obligations under the PDPA in respect of compliance with the data protection principles in all of the operative models; and (ii) our Group is not a FI and does not subject to Financial Services Secrecy Laws, generally database owners which our Group cooperates with will enter into agreement with our Group prescribing the level of data control and security that our Group is required to have in place in order for the database owners to satisfactorily comply with the regulatory requirements and/or internal policy requirements imposed on them. As advised by our Malaysian Legal Advisers, our Group has a contractual duty to such database owners to manage the databases in such manner as contractually agreed between our Group and such database owners.

Based on the legal due diligence review conducted by our Malaysian Legal Advisers, our Malaysian Legal Advisers are of the view that our Group is in compliance with their contractual obligations under our agreements with the database owners and there have been no instances whereby any of our agreements with the database owners has been terminated by any of the database owners and no claims of breaches by the parties arising from any of the parties having failed to meet their respective obligations pursuant to such agreements.

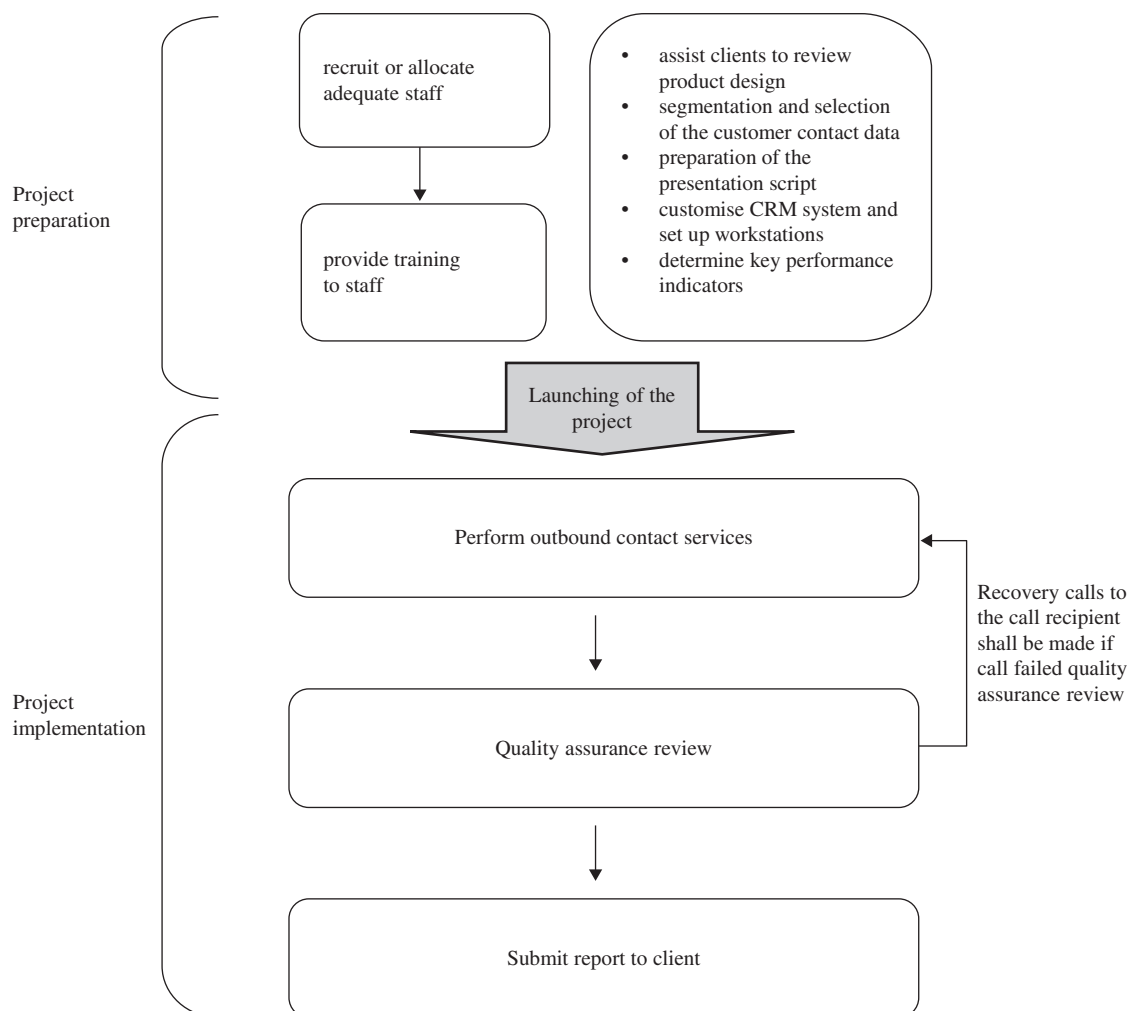
In order to observe our contractual obligations with the database owners, our Group has in place internal control measures to safeguard data security. For details of our Group’s internal control measures, please refer to the paragraph headed “Risk Management and Internal Control — Data security and information technology systems” in this section.

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Project management

The project management of all of our outbound contact service projects comprises two phases, namely the project preparation phase and the project implementation phase.

The following flow chart is a general overview of the major steps involved in each of our outbound contact service project.



Project Preparation

Depending on the scale and complexity of the project, the project preparation stage usually takes around two to eight weeks before the project is launched. During the project preparation stage, our business development department together with our account directors, head of information technology department and head of quality assurance department, will discuss with our clients to finalize the outsourcing arrangements and set the major timeline and KPIs for the project.

Our business development department would then discuss with our client and the database owner on the product design in terms of the marketability of the products. We would consider the products and assist our clients in identifying the characteristics of the target recipients and make suggestions to the

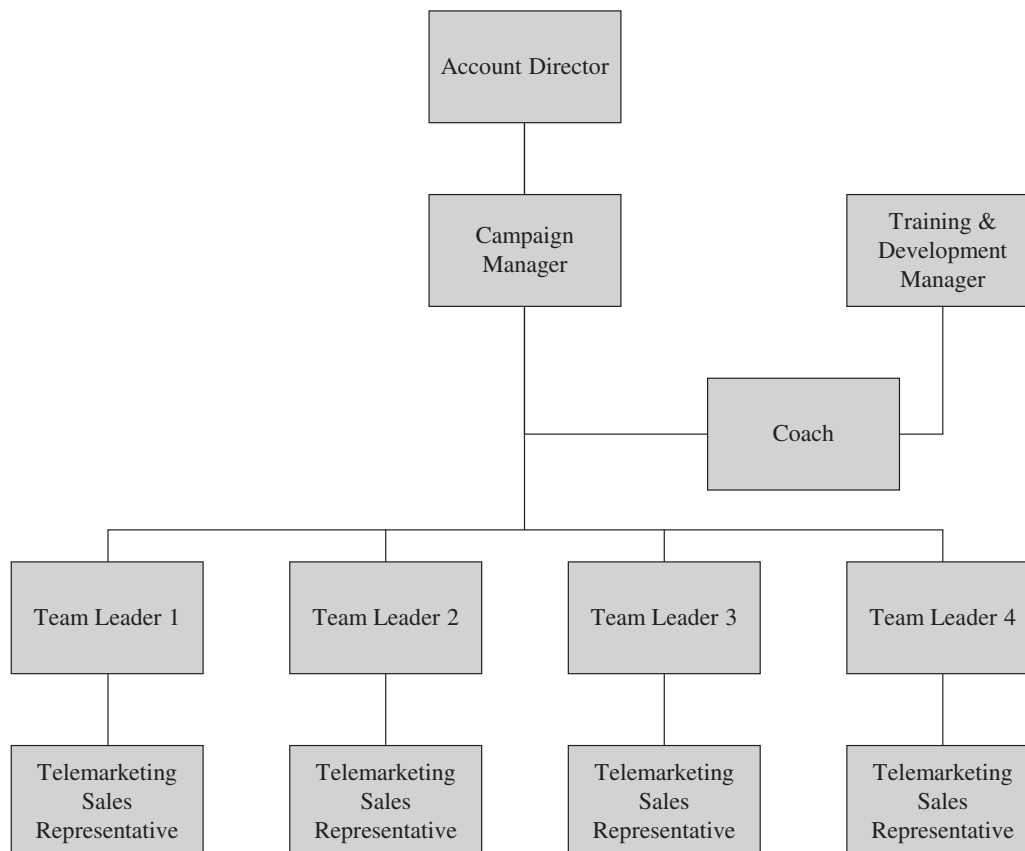
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segmentation and selection of the customer contact data. For insurance products, we generally would consider its coverage, benefit level and premium. We would also discuss and assist our clients in obtaining the relevant regulatory approvals for the products. In addition, we also assist our clients in preparing and finalizing the presentation script to be used.

At the same time, our information technology department is responsible for the customisation and setting up of the workstations and telecommunication facilities for the operation of the service. It will also customise our CRM system to cater the specific need of our clients. Upon the completion of the set up and the customisation, our information technology department would carry out testing to ensure the proper functioning of the system to the satisfaction of both our clients and the database owners.

Concurrently, our human resource and recruitment department is responsible for recruiting and allocating adequate and suitable number of staff to satisfy the client’s requirements. Our members in the campaign management department are responsible to implement the project and deliver the outbound contact services. Typically, each project is led by a campaign manager who is directly accountable to our account director. Generally, every ten telemarketing sales representatives are supervised by a team leader who report to the campaign manager. Depending on the project scale and complexity, each project team is supported by at least a coach from our training and development department.

The chart below shows the organisation of our project team:



Depending on the requirements of our clients, we shall arrange telemarketing sales representatives with difference language abilities, such as English, Malay and Mandarin.

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We adopt the “train-the-trainer” approach where our trainers from the training and development department will be trained by our clients regarding the specifications of the products. Our trainers will then provide the relevant training to the telemarketing sales representatives assigned to the project. The training is carried out in the form of classroom training and role play. At the end of the training, the trainees will be assessed to ensure they are equipped with the necessary skills and knowledge to perform their duties. As advised by our Malaysian Legal Advisers, and our Sole Sponsor concurs that, since personnel selling and/or marketing insurance products and other financial products for a licensed insurer or licensed bank in Malaysia are not required to obtain any licenses or permits under the laws of Malaysia, our telemarketing sales representatives are not required to obtain any licences or permits to carry out the telemarketing activities of insurance product or other financial products under the laws of Malaysia.

Project Implementation

The telemarketing sales representatives make outbound telephone calls based on the call list provided by our client or database owners through the Tele Response Solutions system using either the preview or predictive dialing mode.

The preview dialing mode allows the telemarketing sales representatives to initiate the dialing out of a telephone number by just clicking one button on their terminal, without having to input the telephone number. It is commonly used to allow the telemarketing sales representatives to view the important information of the call recipient profile and prepare the corresponding telemarketing strategy before calling. The predictive dialing mode comprises an intelligent predictive algorithm which is based on the past calling statistics to determine or predict the availability of a telemarketing sales representative and hence simultaneously make multiple outbound calls in advance. Predictive dialer helps to streamline the dialing process in an efficient way, saving the telemarketing sales representative the time for dialing out, waiting for a connection or, calling an invalid telephone number; and hence improving our operation efficiency.

Our telemarketing sales representatives make calls within the hours and using the language as specified by our clients. They make presentations according to a presentation script agreed by our clients and database owners and try to conclude a sales with the call recipient during the call. Telemarketing sales representatives are required to record the conclusion of every call they made by choosing the appropriate disposition code in the CRM system. These disposition codes can be adjusted based on clients’ requirements. For calls where no sales were concluded, the telemarketing sales representatives are required to input the reasons in the CRM system, which generally include the call recipient cannot be contacted or other specific reason. Calls with sales successfully concluded will be submitted to our clients after it passed the quality assurance review. For the sales of insurance products, our clients, being the insurers, will subsequently send the insurance policy to the customers. Supervisory staff of our campaign management department, which includes the team leaders and the campaign manager improves productivity by setting up daily performance targets for the telemarketing sales representatives and it may sometimes couple with performance-linked incentives.

Our quality assurance department’s main responsibility is to review the calls concluded with sales to ensure that the call passes the quality level pre-determined by our clients. All sales calls generated from our telemarketing sales representatives are reviewed based on the criteria as agreed by our clients. Substandard sales calls are sent to the respective team leader for action. For minor deviation, team

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leader would provide coaching and close monitoring on the telemarketing sales representatives for performance improvement. For major deviation, a recovery process is needed where our telemarketing sales representative is required make a call back to the call recipient to rectify the mistake. A second quality assurance review will be performed on all recovery calls and sales will be cancelled if such recovery failed the quality level again. Generally, we assign one quality assurance staff to every ten telemarketing sales representatives for sales quality review. Quality assurance review generally takes two working days.

To reflect the performance of our services and assist our clients to understand the progress of the project, we are able to generate system reports and prepare performance reports and submit them to the client on a daily, monthly and upon request basis. The different types of report and information that we can generate include:

- service reports showing statistics on number of calls made, number of contactable clients, number of successful sales;
- successful sales reports showing detail information of each successful order; and
- performance reports showing statistics of the productivity for each project and for each telemarketing sales representative (in terms of number of calls made, talk time, idle time, number of calls closed and number of successful sales).

Throughout the performance of our services, all calls are digitally recorded, encrypted and saved for call monitoring and investigation purposes. With the capability of our CRM system, the voice recordings for a specific call recipient can be grouped and can be readily retrieved.

QUALITY CONTROL

Our Directors believe that the provision of quality services is important for our Group's business and its continual development. Our quality assurance department is an independent department which is responsible to ensure the quality of our services by conducting quality assurance review to all of the calls concluded with a sale through our telemarketing process and handling complaints. As at the Latest Practicable Date, we had 138 members in our quality assurance department.

The service targets for outbound contact services are usually set at the rate of successful transaction versus either the total or contacted call recipients base. For insurance products that we marketed, a successful sale generally means the call is concluded with call recipient agreeing to the purchase of the insurance products with the provision of clear and affirmative answers to a list of standard underwriting questions. All calls concluded with a sale generated by our telemarketing sales representatives are required to pass the quality assurance review before it can be treated as a successful sale and submitted to our clients. The criteria of a call containing a successful transaction are determined by our clients prior to the launching of the project.

Upon each successful sale, the customer's information required for concluding the contract between the customer and our client (such as the name, contact details, identity card number, address and other information as required by the respective client) which are collected from the customers during the

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telemarketing process by our Group for and on behalf of the client will be transferred by our Group to the client. For further information on compliance of the relevant laws in respect of the above, please refer to section headed “Regulatory Overview” in this document.

For calls where no sales were concluded, the telemarketing sales representatives are required to enter the appropriate disposition code in the CRM system recording the reason, which generally include contact number is not valid, the call recipient cannot be contacted, the call recipient is not interested in the product or other specific reason pre-determined by our clients. In respect of those calls where the contact number is valid and the call recipient cannot be contacted, the telemarketing sales representatives are allowed to attempt calling the call recipient again in a restricted number of times. In respect of those calls which cannot be concluded within one call, the telemarketing sales representatives are allowed to follow-up with the said call recipient with subsequent calls. The disposition code for all our calls concluded would be provided to our clients and serve as valuable information for our clients’ future marketing initiatives.

Depending on the nature of the projects and/or the products being promoted, the average rate of successful sale varied. For the years ended 31 December 2014, 2015 and 2016, average rate of successful sale, being calculated by call with successful sale concluded divided by total calls concluded, was approximately 3.4%, 3.2% and 4.8%. In order to increase future rate of successful sale, we have the following measures in place: (i) continuous performance monitoring and training; and (ii) giving incentive-linked commission to our telemarketing sales representatives.

Continuous performance monitoring and training

The performance of the telemarketing services is monitored through call monitoring exercise performed by the supervisory staff of our campaign management department which include the team leaders and the campaign manager. Conversation between our telemarketing sales representative and the call recipient can either be real-time monitored through silent monitoring, or the voice logs which can be monitored after the completion of the conversation. In either case, the performance of a telemarketing sales representative can be evaluated in terms of his/her voice quality, product knowledge and relevant sales skills. Through the continuous monitoring and analysis of the calls, including calls where no sales were concluded, during the project, mistakes and areas of improvements for individual telemarketing sales representative or for the entire project can be identified and additional on-the-job coaching would be given to the telemarketing sales representative in order to improve future successful sales rate. Appropriate corrective action and re-training can be taken to further improve the quality of the services provided by the telemarketing sales representatives. Members of our quality assurance department will also report on common mistakes made by telemarketing sales representatives and special coaching sessions will be arranged for the telemarketing sales representatives to improve performance quality on an as-needed basis.

Our Group’s CRM system, the Tele Response Solutions system, allows our senior management and supervisory staff of our campaign management department to closely monitor the performance of the project through on-line real-time information. Reports showing the performance and progress of the projects can be provided by us to our clients for review. For details of the types of reports and related information, please see the paragraph headed “Our Services — Project Implementation” in this section.

BUSINESS

Incentive-linked commission

To drive future rate of successful sales, incentive-linked commission are given to our telemarketing sales representatives based on the pre-determined sales target. There are also ad-hoc sales challenges during the implementation of the project to drive successful sales by giving cash incentive to our telemarketing sales representatives reaching certain sales target.

While there are no rules and regulations governing voice logs for telemarketing sales representatives in Malaysia, our Group’s standard operating procedure is to archive all telemarketing sales representatives’ voice logs for a period of three months, and calls in which a sale was concluded are retained for seven years unless otherwise specified by our clients. On the basis that our clients are generally satisfied with the retention period of the voice logs, we consider that such retention period is reasonable and in line with industry practice.

Our quality assurance department also handles complaints. When a complaint is received by us, we will carry out investigation by retrieving and listening to the voice logs recording the compliant case. We will then issue review findings report and if necessary, together with our proposed corrective and preventive actions within two working days from receipt of the complaint to our clients. We recorded 68, 75 and 123 cases of valid complaints for the years ended 31 December 2014, 2015 and 2016. During the Track Record Period and up to the Latest Practicable Date, no material compensation was paid to resolve the complaints, and such complaints did not result and have not resulted in any material adverse effect on our operations or financial condition.

PRODUCTIVITY

The table below demonstrates the utilisation rate of the five contact centres we operated during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Total number of workstations (“A”) ⁽¹⁾	1,066	1,142	1,147
Average number of workstations ordered per month (“B”) ⁽²⁾	793	939	1,022
Utilisation rate ⁽³⁾ (%)	82.5	86.5	86.1
Average revenue generated from each workstation ordered per month (RM)	6,088	6,127	5,967

Notes:

- (1) The total number of workstations available at the five contact centres we operate. For further details of these five contact centres, please refer to the paragraph headed “Properties” in this section.
- (2) The figure represents the average number of workstations ordered by our clients per month during the year.
- (3) The utilisation rate of the five contact centres we operate is calculated as follows:

$$\text{Utilisation rate} = \frac{(\text{B} - \text{average number of workstations ordered per month under the flexible insourcing model})}{(\text{A} - \text{number of workstations reserved for our supervisory and quality assurance staff})} \times 100\%$$

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During the Track Record Period, we maintained our five contact centres at the same respective sites with the same floor areas. The slight increase in the number of workstations available throughout the Track Record Period was due to our rearrangement of workstations to accommodate additional workstations set-up. The general trend of increase in utilisation rate during the Track Record Period were generally in line with the increase in the average number of workstations ordered by our clients per month.

OUR OPERATIONAL STRUCTURE

The operation of our Group is divided into eight departments, which are:

- (i) business development department;
- (ii) campaign management department;
- (iii) quality assurance department;
- (iv) information technology department;
- (v) training and development department;
- (vi) human resources and recruitment department;
- (vii) finance department; and
- (viii) operations and productivity department.

Business development department

Members of our business development department consists of our senior management members who have experience in both the telemarketing industry and the financial industry. They proactively identify potential database owners and explore opportunities to leverage on their database. They also proactively identify potential clients who can make use of such customer contact information database to market their products and connects them with the database owners to create new business opportunities for us. Our Directors believe that this trilateral connection of database owners, potential clients and our Group’s outbound contact services constitutes our key business strategy.

At the operational level, the department’s responsibilities include maintaining and managing on-going client relationships, preparing and presenting solutions to clients, negotiating service terms and finalising deals and liaising with other internal departments to ensure client needs can be met in an effective and timely manner.

Campaign management department

Our campaign management department is responsible for the delivery of outbound contact services. This includes all of our telemarketing sales representatives, team leaders, campaign managers and account directors.

BUSINESS

Our telemarketing sales representatives generate calls for our clients. Team leaders ensure that the telemarketing sales representatives are reaching pre-determined KPIs in terms of productivity, skill sets and contact attempted. Campaign managers oversee the process of delivery of outbound contact services by performing real-time project monitoring and designing incentive programs to motivate telemarketing sales representatives, while working closely with account directors to ensure that clients’ needs are being met. Account directors are responsible to give direction to campaign managers according to clients’ needs. Account directors will liaise with our clients and database owners about action plans for the project and gather their feedback on project performance.

Quality assurance department

Our quality assurance department is an independent department responsible for the quality of the successful sales call, ensuring that all successful sales calls are generated in compliance with clients’ requirements and our internal standards. The department develops internal metrics to review successful sales call generated from each project in order to (i) ensure clients’ requirements and our internal standards are met; and (ii) provide recommendations of corrective actions to any deviations discovered to the campaign management department to improve performance and productivity of the telemarketing projects.

Our quality assurance department also reviews call recipients’ complains reported to us by preparing and reviewing the transcript of the relevant calls. It then generates report of the review findings to be sent to our client.

Information technology department

Our information technology department is responsible for the design, development, maintenance and upgrading of our Group’s own CRM system, the Tele Response Solutions system, our in-house designed principal software suite for contact centre management. Our information technology department also hosts internal software development training sessions to introduce new developments and functions of the CRM system to our staff.

Our information technology department oversees company-wide information communication technology network, computer systems, information security and telecommunication facilities and provides on-going support for the development, maintenance and enhancement of the systems and applications used in our business. It also assumes responsibility for our Group’s data backup, disaster recovery planning and the security of the databases which our Group utilises to conduct our core business activities. The department also sources our Group’s hardware and software facilities according to our current and anticipated operational needs.

Training and development department

Our training and development department is responsible for designing, implementing, and updating training programmes for our telemarketing sales representatives and supervisory staff. This department arranges induction trainings for new recruits and continuously coaches the telemarketing sales representatives for improvement of personal skills and sales knowledge.

BUSINESS

Human resources and recruitment department

Our human resources and recruitment department comprises two teams, namely the human resource team and the recruitment team, which aims to support timely recruitment and retention of quality staff for our Group.

The human resource team is responsible for compiling and reviewing staff policies to ensure such policies communicate our Group’s values, maintaining staff’s payroll and staff records, apportioning bonus and commissions and handling staff welfare. The recruitment team is responsible for the recruitment of suitable staff at all levels and in all departments of our Group.

Finance department

Our finance department is responsible for the financial reporting, treasury and tax and liquidity management of our Group. The department’s core strategic goal is to identify opportunities to increase profitability through cost controls, asset management, risk management and compliance monitoring, including audit compliance and tax compliance.

Operations and productivity department

Our operations and productivity department is responsible for reviewing and streamlining every aspect of a project to increase productivity. It analyses project data and trends and generates reports and recommendations on how to streamline operations and to maximize cost efficiency to campaign managers and our Directors in order to assist them with their decisions to eliminate redundancy and streamline operations at every level.

Additionally, our operations and productivity department is also responsible for ensuring that all contact centre facilities are properly maintained to support the administrative functions of our Group.

RISK MANAGEMENT AND INTERNAL CONTROL

We believe that risk management is crucial to the success of all outbound contact services provider in Malaysia. Our internal control system and procedures are designed to meet our specific business needs and to minimise our risk exposure. We have adopted different internal guidelines, along with written policies and procedures prior to Listing to monitor and lessen the impact of risks which are relevant to our business and control our daily business operations. We have engaged an internal control consultant (the “**Internal Control Consultant**”) to conduct a review of the management and accounting procedures and internal control environment of our Group under the internal control framework as recommended by the Committee of Sponsoring Organizations of the Treadway Commission. During its review, the Internal Control Consultant has identified a number of findings and recommendations, among which none were major findings. We have taken corrective actions in response to the Internal Control Consultant’s findings and recommendations. The Internal Control Consultant has performed a follow-up review of the findings and recommendations. As at the date of this document, there is no material issue in relation to the internal controls of our Group remain outstanding.

BUSINESS

The following sets out the primary operational risks faced by our Group and our risk management procedures adopted in respect of the risks identified:

Human resource availability and retention

Our human resource and recruitment department continuously assesses the availability of human resource and determine whether recruitment is required to cope with our current business operations and future business development. We generally have new recruits of telemarketing sales representatives twice every week. Our Group makes use of different recruiting channels to broaden our recruitment network, including internal referral by our existing employees for which we offer monetary incentives and posting in recruitment websites. Beside actively hiring new employees, we also focus on retaining existing employees through comprehensive training and promotion opportunities. For details of our staff recruitment, training and retention, please refer to the paragraph headed “Human Resource” in this section.

Contact centres continuity

It is our business strategies to enter into lease agreements with our landlords for a term of not less than two years and to negotiate with our landlords for renewal at least three months before the expiry of the lease in order to secure spaces for our contact centre. For details of our leased properties, please refer to the paragraph headed “Properties” in this section.

Quality of staff performance

Our Directors believe that the provision of quality services is important for our Group’s business and our continual development. Our quality assurance department is an independent department which is responsible to ensure the quality of our services by conducting quality assurance review to all of the calls concluded with a sale through our telemarketing process and handling complaints. For details of our quality control procedures, please refer to the paragraph headed “Quality Control” in this section.

In providing contact services to our clients, we may be held liable for misuse or unauthorised use of the personal data, misrepresentation or negligence in delivering relevant information or messages to the call recipients of our clients. In order to ensure that there is no misuse or unauthorised use of personal data obtained from the database owner, our Group only uses the personal data obtained from the database owners according to the terms of the respective contract. Our Group also handles the personal data obtained from the database owner in strict confidence. For further details of data security procedures, please refer to the paragraph headed “Business — Risk Management and Internal Control — Data security and information technology system” in this section. In order to ensure the completeness and accuracy of the information delivered by our telemarketing sales representatives, we (i) provide a five-day training to our telemarketing sales representatives on the relevant outbound contact service skills and ethics before they start duties; (ii) monitor the conversation between our telemarketing sales representative and the call recipient real-time through silent monitoring or voice logs after the completion of the conversation; and (iii) carefully control the content of the presentation script used by our telemarketing sales representatives. Such presentation script is prepared in collaboration with our client and the relevant database owner and prior consent to the final form must be obtained from our client and the relevant database owner before it is put into use. The presentation script usually includes a set of frequently asked questions and replies for our telemarketing sales representatives to respond to call recipients’ questions.

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Data security and information technology systems

Data Security

Our Group handles a large amount of sensitive personal information, including names and telephone numbers of the call recipients, and thus we treat data security of paramount importance. We constantly work with database owners and our clients closely to devise customised data security measures for each project in order to address data security requirements.

We restrict access to information and databases on a stringent need-to-know basis, allowing us to secure a reasonable level of risk management and maintain confidentiality of the information and databases. Currently, we implement the following key data security measures:

Physical environment: There are security measures in place to ensure physical security of the data. These measures include:

- dividing contact centres into different working zones for different projects. Each zone is guarded by its own access card system, so that only authorised staff can access each zone;
- installing surveillance cameras in each contact centre, working zone and server room;
- stationing security personnel at the building’s main entry point for surveillance purpose;
- requiring all telemarketing sales representatives to store their personal belongings in lockers provided. Recording devices including mobile phones and pens are not allowed at their workstations;
- disabling the removable storage device ports for all contact centre staff computers;
- implementing password controls on network printing, copying machines and fax machines limited to supervisory staff; and
- restricting telemarketing sales representatives from internet or email access, only necessary materials are made available to them in the form of call scripts.

System security: There are security measures in place to ensure security in every process of our operation, including data access, transmission, storage and purging. These measures include:

- requiring confidential data be accessed by authorised staff through designated user accounts and passwords;
- requiring our clients to deliver encrypted or password-protected soft copies of calling data and only authorised and designated personnel in our Information Technology Department are allowed to download and upload calling data;
- network connectivity and data exchange with our client or database owner is firewall protected and regularly monitored by staff of our Information Technology Department;

BUSINESS

- configuring information visible to contact centre staff via our CRM system. Staff can generally only view the name of the call recipient while the telephone number is masked;
- disabling the alteration of data by contact centre staff;
- deleting and purging our database after provision of services or after an agreed time period has elapsed, witnessed by clients or database owners upon request; and
- encrypting back-up data.

Our Group’s measures to prevent hackers from attacking our systems include installing anti-virus software on servers and workstations, applying security patches and updates of operating systems, protecting the network connectivity with our clients by firewalls and disabling unnecessary services on servers and ports on firewalls. During the Track Record Period, our Group has not experienced any incidents relating to hackers attacking our systems.

Our Directors confirm that there was no unauthorized use of personal data, negligence and misrepresentation during the provision of our services, or any leakage of personal data by our Group during the Track Record Period and up to the Latest Practicable Date. Our Malaysian Legal Advisers are of the view that our Group has been in compliance with the PDPA and all relevant laws and regulations in relation to data privacy protection during the Track Record Period and up to the Latest Practicable Date.

System Maintenance and Back-up

To ensure the efficiency of our Group’s contact centre service operations, regular system repair and maintenance is performed to safeguard the continuity of the provision of outbound contact services. As at the Latest Practicable Date, our information technology department with 13 members are responsible for handling the repair and maintenance functions of our Group’s operations.

Our Group utilizes our self-developed CRM system, namely the Tele Response Solutions system, to support contact centre operations. Having our own CRM system allows us to customise such system according to the specifications of our clients utilizing our own technological expertise without relying on external technician. For details of the Tele Response Solutions system, please refer to the paragraph headed “software development” in this section. Our information technology department is responsible for the maintenance and monitoring of all computer systems, including servers, telephony, network and security devices and personal computer systems. This includes daily tasks such as system health checks and data back-ups. An inventory of spare parts for critical components is kept in reserve to ensure continual operation of all systems and facilities.

Our information technology department performs both daily and monthly onsite data back-up in accordance with our back-up procedures and specifications agreed with individual clients. In this way, we can assure service and client data can be readily recovered in any event and in turn secure the continual provision of our services. These files being backed up include database images, voice logs and user files. Backup information is being stored on magnetic LTO (linear tape open) tape and NAS (network access storage) drives and are being stored in a fire-proof safe either onsite or at our head office.

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We source our telephone lines, data lines and broadband services from two telecommunications operators. We also enter into service supply agreement for telephone lines, data lines and broadband services from the third telecommunication operator as a back-up plan which is charged on a use-basis. The diversified usage of telecommunication facilities from different telecommunication operators minimizes the chance of any single operator failure and major interruption to our services.

Business continuity plan

We have a business continuity plan which we review and test annually. Each of our contact centre has its own server room hosting servers and telephony systems local to that site, and each of them individually act as recovery sites backing up each other in the event of business disruption of any other contact centre. Our target of our business continuity plan is to continue to provide services at 10% of the total number of workstations ordered on a best endeavours basis. During the Track Record Period, our Group has been able to maintain a stable and smooth running of the operation systems, and there has been no material system and equipment disruption, failure, breakdown or unauthorized access.

In addition, we also face various financial risks. In particular, we are exposed to credit risk, liquidity risk, interest rate risk and foreign currency risk that arise in the ordinary course of our business. Please refer to the section headed “Financial Information — Quantitative and qualitative disclosures about market risks” in this document for further details.

There are various other risks to our business and industry. Please refer to the section headed “Risk factors” in this document for more details. We will continuously monitor and improve our risk management measures to ensure that effective operation of those measures is in line.

SALES AND MARKETING

As at the Latest Practicable Date, our Group has three members working in our business development department, responsible for soliciting new businesses through active pitching, incoming enquiries and referrals. Referrals from staff of our clients or former clients are also obtained every now and then, and are handled by our business development department accordingly.

All of the three members in our business development department has experiences in the insurance industry and telemarketing industry. With extensive industry knowledge, our business development department understands our potential clients’ specific needs and requirements as well as their constraints, and thus is able to offer flexible and innovative business solutions to our clients. Our business development department often solicit new business opportunities by offering to potential clients new business development solutions to assist our clients to acquire new business partners and expanding their current business. For example, we may connect database owners to our client and propose new products suitable to market through telemarketing.

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Marketing strategy

Our marketing strategy is based on:

- our ability to offer new business development ideas to our clients to assist them in acquiring new business partnership and expanding their business;
- our ability to provide innovative and flexible business solutions to assist clients in meeting regulatory requirements;
- our flexibility and efficiency in delivering outbound contact services with respect to human resource, call centre set-up and system customisation;
- our ability to constantly deliver reliable outbound contact services performance that is able to meet the clients’ expectations; and
- the reputation of our Group.

We keep in close contact with our existing clients through emails, telephone calls, regular meetings or site visits either at our contact centres or at our clients’ premises. Through different ways of communication, we address, discuss, prioritise and explore ways to resolve problems, whether through introducing new services, products or development thereof, thus building a trusting relationship over time. Our Group believes that the strategy of maintaining trusted working relationship with clients is one of our key success factors.

Pricing of our Group’s services

Typically, all the charges are agreed with our clients in advanced and shall remain unchanged during the relevant project period unless otherwise mutually agreed between our clients and our Group. There are two different pricing schemes for our outbound contact services offered to our clients, one is fixed fees and the other is performance-driven.

For our fixed fees pricing model, we charge a flat rate for each workstation ordered per month plus associated telephone service provider charges. For our performance-driven pricing model, in general, fees we charged begin at a minimum amount before rising in tiered levels based on KPI levels mutually agreed prior to the launch of project. Our Group charges higher level of fees if we achieve client stated KPI levels. For insurance products we marketed, such key performance indicator is usually determined based on the net response rate which represents the rate of sales concluded to number of contact leads closed. Additionally, we also charge our clients for complex customisation of our CRM system.

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The table below shows the revenue, average monthly workstations ordered and average service fees generated from each workstation per month, for each of the pricing models and in each of the years ended 31 December 2014, 2015 and 2016.

	Year ended 31 December					
	2014		2015		2016	
Revenue generated from fixed fees pricing model (RM'000)	20,610	35.6%	18,959	27.5%	12,981	17.7%
Revenue generated from performance-driven pricing model (RM'000)	<u>37,330</u>	<u>64.4%</u>	<u>50,047</u>	<u>72.5%</u>	<u>60,180</u>	<u>82.3%</u>
Total revenue (RM'000)	<u>57,939</u>	<u>100.0%</u>	<u>69,005</u>	<u>100.0%</u>	<u>73,161</u>	<u>100.0%</u>
Average monthly workstations ordered of fixed fees pricing model	263	33.2%	259	27.6%	162	15.9%
Average monthly workstations ordered of performance-driven pricing model	<u>530</u>	<u>66.8%</u>	<u>680</u>	<u>72.4%</u>	<u>860</u>	<u>84.1%</u>
Total average monthly workstations ordered	<u>793</u>	<u>100.0%</u>	<u>939</u>	<u>100.0%</u>	<u>1,022</u>	<u>100.0%</u>
Average monthly service fees generated from each workstation for the fixed fees pricing model (RM)	6,519		6,104		6,675	
Average monthly service fees generated from each workstation for the performance-driven pricing model (RM)	5,874		6,135		5,834	
Average monthly service fees generated from each workstation (RM)	6,088		6,127		5,967	

Pricing model is determined after negotiation with our clients. During the Track Record Period, there have been an increasing trend of revenue generated from and average monthly workstations ordered from the performance-driven pricing model.

The table below shows the range of monthly service fees charged for each workstation ordered per month for each of the years ended 31 December 2014, 2015 and 2016.

	Year ended 31 December		
	2014	2015	2016
Range of service fees charged for each workstation ordered per month (RM)	3,400 to 9,100	3,400 to 8,800	3,400 to 8,800

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The monthly service fees we charge varied and we generally price our services on a “cost-plus” basis after taking into consideration a number of factors, including, nature of product marketed, project scale, product complexity, project period, system set-up, customisation requirements and general market conditions.

Our finance department is responsible for ensuring the accuracy of billing, including verifying the calculation of billing against the contract and other relevant reports and confirming the billing amount with relevant teams. We usually issue invoice to our clients monthly for the services we rendered in the previous month. Any disputes about the invoice amount will be fully investigated by us. Upon the conclusion of such investigation, we shall submit to our client our findings and conclusion. During the Track Record Period and up to the Latest Practicable Date, our Group did not have any material dispute with our clients on the fees charged.

CLIENTS

For the three years ended 31 December 2014, 2015 and 2016, our Group had a total of 20, 17 and 22 clients, respectively, among which 8, 8 and 7 were also database owners we cooperated with.

During the Track Record Period, we had cooperated with 17 database owners, 10 of which were also our clients. The average number of years of business relationship with these 10 database owners which were also our clients is approximately four years.

Our Group’s revenue from our five largest clients together accounted for approximately 74.6%, 67.4% and 62.7% of our total revenue for the years ended 31 December 2014, 2015 and 2016, respectively, with the revenue from our largest client accounted for approximately 18.6%, 20.0% and 20.4% of the total revenue of our Group for the same years.

Set out below is a breakdown of the Group’s revenue by the Group’s top five clients during the Track Record Period:

For the year ended 31 December 2014:

	Client	Principal business	Year in which business relationship started	Approximate % of our revenue	Services provided by our Group
1	Client A ⁽¹⁾	Provision of insurance products	2009	18.6	Outbound telemarketing of insurance products
2	Client B ⁽²⁾	Provision of insurance products	2012	17.6	Outbound telemarketing of insurance products
3	Client C ⁽³⁾	Provision of financial solutions in investment banking, consumer banking, asset management, private banking and wealth management	2008	14.4	Outbound telemarketing of takaful insurance products
4	Client D ⁽⁴⁾	Provision of conventional and takaful insurance products	2008	12.2	Outbound telemarketing of conventional and takaful insurance products
5	Client E ⁽⁵⁾	Provision of insurance products	2013	11.8	Outbound telemarketing of insurance products
Approximate % of our total revenue attributable to our top five clients				74.6	

BUSINESS

For the year ended 31 December 2015:

	Client	Principal business	Year in which business relationship started	Approximate % of our revenue	Services provided by our Group
1	Client F ⁽⁶⁾	Provision of conventional and takaful insurance products	2008	20.0	Outbound telemarketing of conventional and takaful insurance products
2	Client E ⁽⁵⁾	Provision of insurance products	2013	16.5	Outbound telemarketing of insurance products
3	Client A ⁽¹⁾	Provision of insurance products	2009	14.5	Outbound telemarketing of insurance products
4	Client G ⁽⁷⁾	Provision of insurance products	2009	9.1	Outbound telemarketing of insurance products
5	Client D ⁽⁴⁾	Provision of conventional and takaful insurance products	2008	7.3	Outbound telemarketing of conventional and takaful insurance products
Approximate % of our total revenue attributable to our top five clients				67.4	

For the year ended 31 December 2016:

	Client	Principal business	Year in which business relationship started	Approximate % of our revenue	Services provided by our Group
1	Client F ⁽⁶⁾	Provision of conventional and takaful insurance products	2008	20.4	Outbound telemarketing of conventional and takaful insurance products
2	Client A ⁽¹⁾	Provision of insurance products	2009	14.1	Outbound telemarketing of insurance products
3	Client E ⁽⁵⁾	Provision of insurance products	2013	11.7	Outbound telemarketing of insurance products
4	Client H ⁽⁸⁾	Provision of insurance products	2014	8.3	Outbound telemarketing of banking products
5	Client I ⁽⁹⁾	Provision of investment banking, consumer banking and asset management services	2015	8.2	Outbound telemarketing of insurance products
Approximate % of our total revenue attributable to our top five clients				62.7	

Notes:

- (1) Client A is a company established in Malaysia and a subsidiary of an international insurance company listed on the stock exchange in New York. The principal business of client A is to provide insurance products in Malaysia.
- (2) Client B is a company established in Malaysia and a subsidiary of an international insurance company listed on the stock exchange of Germany. The principal business of client B is to provide health and life insurance and investment-linked products in Malaysia.

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- (3) Client C is a company established in Malaysia and a subsidiary of a banking group listed on the stock exchange of Malaysia. The principal business of client C is the provision of financial solutions in investment banking, consumer banking, asset management, private banking and wealth management which comply with Shariah principles. Client C had been one of the database owners we cooperated with during the Track Record Period.
- (4) Client D is a group of companies established in Malaysia, which are subsidiaries of an international insurance company listed on the Main Board of the Stock Exchange. The principal business of these companies is to provide conventional and takaful insurance products in Malaysia.
- (5) Client E is a company established in Malaysia and a subsidiary of an international insurance company listed on the stock exchanges of New York. The principal business of client E is to provide insurance products in Malaysia.
- (6) Client F is a group of companies established in Malaysia, which are subsidiaries of an international insurance company listed on the stock exchanges of Toronto, New York and Philippine. The principal business of these companies is to provide conventional and takaful insurance products in Malaysia.
- (7) Client G is a company established in Malaysia and a subsidiary of an international insurance company listed on the stock exchanges of London, Hong Kong, Singapore and New York. The principal business of client G is to provide insurance products in Malaysia.
- (8) Client H is a company established in Malaysia and a joint venture of an insurance company and the national bank of Malaysia. The principal business of client H is to provide insurance products in Malaysia.
- (9) Client I is a company established in Malaysia and is a banking group listed on the stock exchange of Malaysia. The principal business of client I is the provision of investment banking consumer banking, and asset management services in Malaysia. Client I had been one of the database owners we cooperated with during the Track Record Period.

All of our Group’s five largest clients during the Track Record Period are international insurance companies or banking groups which require contact centre services to market their conventional or takaful insurance products or banking products.

None of the Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest clients of our Group during the Track Record Period and as at the Latest Practicable Date.

Our business is not subject to any seasonal fluctuation.

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Service agreements with our clients

We generally enter into service agreements with our clients, with salient terms set out below:

Services required	The service agreements generally set out the scope, requirements and sales procedures of the services to be provided by us.
Contract term	The term of the services agreements generally ranges from one year to four years with detailed specifications to be entered into for each project.
Termination clause	Generally either party may terminate the relevant service agreement upon occurrence of certain events upon giving a 30 days prior notice.
Renewable clause	The service agreements generally provide for a renewable clause in which the service agreement will be renewed (i) automatically subject to the early termination by either party; or (ii) upon mutual agreement.
Payment term	Invoices generally issued upon completion of each project or on a monthly basis. Payment credit term is generally of 30 days after receipt of the relevant invoice.
Audits	We are generally required to maintain a complete and accurate set of records in respect of the performance of our services. Such records shall be made available for audit and inspection by our clients.

SUPPLIERS

Our Group’s principal business is the provision of outbound contact services. Our Group rents office premises and private telephone lines from our suppliers. We also pay to the database owners the incentive-linked commission of the database owner’s staff under the hybrid operative model where the outbound contact services are delivered by database owner’s staff. Our Group’s expenses to our five largest suppliers together accounted for approximately 72.5%, 77.6% and 52.4% of our total other operating expenses for the years ended 31 December 2014, 2015 and 2016, respectively. Our gross expenses to our largest supplier accounted for approximately 24.3%, 22.9% and 15.8% for the years ended 31 December 2014, 2015 and 2016, respectively.

BUSINESS

Set out below is a breakdown of the Group’s other operating expenses by the Group’s top five suppliers during the Track Record Period:

For the year ended 31 December 2014:

	Supplier	Principal business	Year in which business relationship started	Approximate % of our other operating expenses	Services/products supplied to our Group
1	Supplier A	Provision of comprehensive range of communication services and solutions in broadband, data and fixed-line	2007	24.3	Fixed line communication services
2	Supplier B	Provision of fixed line telecommunications and broadband services	2007	20.9	Fixed line communication services
3	Supplier C	Provision of loans, advances and financing which including Islamic banking operation and saving bank services	2010	15.8	Labour services, one of the database owners we cooperate with under the hybrid operative model
4	Supplier D	[REDACTED] life insurance	2013	6.6	Office premises
5	Supplier E	Provision of retirement benefits for members through management of their savings	2012	4.9	Office premises
Approximate % of our other operating expenses attributable to our top five suppliers				72.5	

For the year ended 31 December 2015:

	Supplier	Principal business	Year in which business relationship started	Approximate % of our other operating expenses	Services/products supplied to our Group
1	Supplier B	Provision of fixed line telecommunications and broadband services	2007	22.9	Fixed line communication services
2	Supplier C	Provision of loans, advances and financing which including Islamic banking operation and saving bank services	2010	22.8	Labour services, one of the database owners we cooperate with under the hybrid operative model
3	Supplier A	Provision of comprehensive range of communication services and solutions in broadband, data and fixed-line	2007	20.9	Fixed line communication services
4	Supplier D	[REDACTED] life insurance	2013	6.2	Office premises
5	Supplier E	Provision of retirement benefits for members through management of their savings	2012	4.8	Office premises
Approximate % of our other operating expenses attributable to our top five suppliers				77.6	

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For the year ended 31 December 2016:

	Supplier	Principal business	Year in which business relationship started	Approximate % of our other operating expenses	Services/products supplied to our Group
1	Supplier A	Provision of comprehensive range of communication services and solutions in broadband, data and fixed-line	2007	15.8	Fixed line communication services
2	Supplier C	Provision of loans, advances and financing which including Islamic banking operation and saving bank services	2010	14.9	Labour services, one of the database owners we cooperate with under the hybrid operative model
3	Supplier B	Provision of fixed line telecommunications and broadband services	2007	14.2	Fixed line communication services
4	Supplier D	[REDACTED] life insurance	2013	4.2	Office premises
5	Supplier E	Provision of retirement benefits for members through management of their savings	2012	3.3	Office premises
Approximate % of our other operating expenses attributable to our top five suppliers				52.4	

Our five largest suppliers during the Track Record Period were database owner we cooperate with, telecommunications operators and landlords of our contact centre premises. Pursuant to the hybrid operative model we have with database owners where the outbound contact services are to be delivered by database owner’s staff, the database owner is responsible for the basic salary of its staff while we are responsible for its staff’s incentive-linked commission. During the Track Record Period, we only paid the staff of one database owner such incentive-linked commission. The incentive-linked commission is generally paid to the telemarketing sales representatives of the database owner based on the number and value of sales achieved during the month. During the Track Record Period, the range of monthly incentive-linked commission paid to each telemarketing sales representative is in the approximate range of RM5 to RM7,100 for sales achievement reaching certain pre-determined KPIs. For the years ended 31 December 2014, 2015 and 2016, we paid approximately RM[REDACTED] million, RM2.0 million and RM2.0 million as incentive-linked commission to such database owner’s staff.

Our Group mainly rents telephone lines, data line and broadband services from two telecommunications operators. During the Track Record Period, we also entered into service supply agreement for telephone lines, data line and broadband services with the third telecommunication operators as back-up plan which is charged on a use-basis.

Save and except for the lease agreement we entered into with our landlords, we have not entered into any long term agreement with any of our suppliers. For details of our leases, please refer to the paragraph headed “Properties” in this section.

None of our Directors, their respective associates and shareholders who own more than 5% of the issued share capital of our Group had any interest in any of the five largest suppliers of our Group during the Track Record Period and as at the Latest Practicable Date. Save and except for Supplier C,

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which was a database owner we cooperated with under the hybrid operative model, and being our client for outbound contact service, none of the five largest suppliers were our clients during the Track Record Period.

Our Group usually purchases from suppliers with the most advanced and suitable technology, favourable pricing, payment terms, services, quality and timing of delivery. We also have our internal guideline to follow when selecting suppliers which normally requires us to consider different suppliers before making a choice on each purchase. In general, our suppliers offer us a credit period of up to 30 days which will then be settled by on-line payment, cheque or telegraphic transfer. During the Track Record Period, our Directors were not aware of our Group having any difficulty in sourcing computers, telephone lines or other equipment required for our operation.

HUMAN RESOURCE

The contact service industry is a labour-intensive industry and thus, our Directors believe that human resource management is critical to our success. Our human resource and recruitment department is responsible for recruitment and management of our Group's employees.

A breakdown of the our employees by function as at Latest Practicable Date is set forth below:

Function	No. of employees
Business development	3
Campaign management	1,323
Quality assurance	138
Information technology	13
Training and development	21
Human resource and recruitment	24
Finance	16
Operation and productivity	<u>4</u>
<i>Total number of employees</i>	<u><u>1,542</u></u>

For our staff in-sourced to the database owners we cooperate with, we ensure that our staff adhere to their code of conduct and internal guidelines.

Telemarketing sales representatives form the core of our human resource force, with approximately 1,110 telemarketing sales representatives employed by us, accounting for approximately 72.0% of our total number of staff as at the Latest Practicable Date. In order to maintain our competitiveness in the outbound contact service industry, our Group puts strong emphasis on recruitment and training the telemarketing sales representatives.

Typically, telemarketing sales representatives, their team leaders and our quality assurance staff employed by us are on a one-year contract term, with opportunity for promotion to supervisory roles with a permanent employment contract. For the years ended 31 December 2014, 2015 and 2016, on a monthly average basis, approximately 81%, 82% and 77% of our staff were employed by us on a one-

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year contract term, respectively. Our Group maintains personal accident, medical insurance and life insurance for our permanent employees while our Group only maintains personal accident insurance for our staff on one-year contract terms.

During the Track Record Period and up to the Latest Practicable Date, our Malaysian Legal Advisers are of the view that our Group had been in compliance with all relevant laws and regulations of Malaysia in relation to employers’ provident fund and social security.

According to the Industry Research Report, outbound contact service industry is a labour intensive industry with high turnover rate of telemarketing sales representatives who need to constantly achieve sales targets and face a volatile employment market. For further details, please refer to the section headed “Risk Factors — Contact service industry is a labour intensive business. Any shortages in staff, or increase in staff costs may materially and adversely affect our business, financial condition, results of operations and prospects” in this document.

Recruitment and retention

Our Group makes use of different recruiting channels to broaden our recruitment network, including:

- referrals made by existing staff of our Group;
- advertisements;
- posting on recruitment websites;
- posting and promotion via internet social network or SMS;
- participating in recruitment exhibitions and events; and
- engaging external recruitment agencies.

Our Directors believe that retaining competent staff is as important as recruiting new staff. We emphasize on internal development and promotion, identifying team leaders from our pool of telemarketing sales representatives, for whom we provide human resource management and campaign management training. Cultural and social events such as an annual dinner, sporting events and company trips are also organized by our Group from time to time to enhance communication and bonding among our staffs.

Our human resource and recruitment department continually assesses human resource availability in order to determine whether additional employees are required to cope with our business operations and development.

Our Group generally pays our telemarketing sales representatives and their team leaders and managers a fixed salary and performance linked commission, such as attendance-linked commission and commission given for achieving daily or monthly sales target; while our Group generally pays our other staff a fixed salary and discretionary bonus. For the years ended 31 December 2014, 2015 and 2016, our Group’s staff costs, including Director’s emoluments, were approximately RM33.5 million, RM40.3 million and RM44.8 million, respectively.

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Training

We consider training and development of our staff essential for our continual ability to provide quality service. Our training and development department is responsible for the training and development of our employees as well as the employees of one database owner which we are responsible to recruit, manage and train. As at the Latest Practicable Date, there were 21 trainers in our training and development department having relevant working experience of approximately 23 years in average.

Newly recruited telemarketing sales representatives are required to attend a 5-day classroom training conducted by our training and development department. The training curriculum usually covers information about our Group, our clients, the relevant outbound contact service skills as well as general product knowledge. Telemarketing sales representatives are assessed at the end of the training to ensure that they have the abilities to perform their duties. For any new products or any significant variation to the features of the products, the telemarketing sales representatives are required to attend a one to three days' classroom training and are required to pass the products assessment test which is usually in the form of role play prior to the launch of the project.

The coaches from our training and development department also provide on-the-job training at the contact centres. This involves our telemarketing sales representatives being coached side-by-side in a buddy programme where coaches would listen to their calls and guide them to close sales and improve call quality. Our coaches also conduct classroom sessions to improve our telemarketing sales representatives' skill levels and motivation and are also responsible for providing product specific training on a project basis.

In addition, the team leaders are required to attend at least 30 hours of continuous professional development each year to keep their skill sets stay afresh and update. These trainings include trainings on technical and product knowledge as well as motivational, leadership and sales skills.

Various programmes aiming at improving staff's motivation and skills are organized regularly, such as programmes on stress management and sales skills.

In addition, our Group also arranges external training courses for selected supervisory and management staff on different business and management areas including internal control, marketing, accounting and financial analysis and strategic management.

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our employees or experience any significant problems with our employees or disruption to our operation due to labour disputes nor had experienced any material difficulties in recruiting or retaining experienced staff. Our employees are not members of any labour union.

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HEALTH AND WORK SAFETY

We are subject to the health and safety requirements of Malaysia including, but not limited to, the Occupational Safety and Health Act 1994. We have internal policies and systems in place designed with a view to ensuring compliance with such requirements. We believe that we are, and have been, in substantial compliance with such requirements during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant incidents or accidents in relation to workers’ safety or any non-compliance with the applicable laws and regulations relevant to work safety and health issues. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties for non-compliance of safety laws and regulations were imposed on us.

ENVIRONMENTAL MATTERS

Due to our business nature, no pollutants are produced, emitted or discharged during the course of provision of our outbound contact services. As such and as advised by our Malaysian Legal Advisers, we are not subject to any specific rules and regulation in relation to environmental protection matters. We do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations in the future.

SOFTWARE DEVELOPMENT

Our Directors believe that persistent software development is crucial in maintaining our market position and competing successfully in the outbound contact services industry. Our information technology department is responsible for our Group’s software development.

As at the Latest Practicable Date, our information technology department consists of 13 members, most of which possess tertiary qualification and have more than five years of relevant experiences. As at the Latest Practicable Date, three of our information technology department personnel are especially dedicated to system development and they work at our representative office located in i-City of Shah Alam, Malaysia, a cybercentre for companies with MSC status to exploit incentives offered by the Malaysian government. During the Track Record Period, our Group’s software development expenditure amounted to approximately RM110,000, RM121,000 and RM146,000 for the years ended 31 December 2014, 2015 and 2016, respectively.

We were granted MSC status in relation to our research, development and commercialisation of our in-house developed CRM system, namely the Tele Response Solutions system for the period from 10 February 2010 to 9 February 2020. MSC status is a recognition granted by the Government of Malaysia through the Malaysia Digital Economy Corporation, for information and communication technology (ICT) and ICT-facilitated businesses that develop or use multimedia technologies to produce and enhance their products and services. A subsidiary of our Group, TRSB obtained the pioneer certificate from the Malaysian Investment Development Authority in 2011 in relation to our MSC status granted in respect of the Tele Response Solutions system. TRSB have thus been exempted from paying tax on statutory income for a period of five years from 10 February 2010 to 9 February 2015. Such tax exemption has been renewed in 2015 and TRSB is entitled to a further tax exemption for a period of five more years from 10 February 2015 to 9 February 2020. For further details of our tax exemption, please refer to the sections headed “Risk Factors — We may not enjoy income tax exemption after the

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expiration of the current tax exemption enjoyed by us, which may materially and adversely affect our financial condition, results of operations and prospects” and “Financial Information — Description of Certain Key Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income Tax Expense” in this document.

The Tele Response Solutions system

Tele Response Solutions system is developed by our information technology department and is an all-in-one contact centre CRM system comprises a suite of software modules built on and integrated with our telephony systems, with a comprehensive digital telephony functions for the operation and management of our contact centres, and communication with our clients and database owners. The Tele Response Solutions system was developed utilizing the Microsoft.NET platform. The Tele Response Solutions system was developed utilising the Microsoft.NET platform, with our information technology department continually maintaining, upgrading, and developing Tele Response Solutions system. Its design and interface is customisable according to the end processors of our client and database owners, allowing us to tailor software features to their unique needs and specifications, thus enhancing our efficiency and competitiveness.

Our Directors consider that the Tele Response Solutions system is a unique system which satisfies the requirements of novelty, creativity and with practical use for patent registration applications and thus the relevant authority would accept the patent application of the Tele Response Solutions system. However, our Group did not apply for patent for the Tele Response Solutions system in the past taking into account the risk of disclosing the technical details and specifications of Tele Response Solutions system, which is considered a trade secret of our Group. As advised by our Malaysian Legal Advisers, the technical details and specifications of the Tele Response Solutions systems would be made available for public searches in the process for patent registration application in Malaysia. Further, our Group has no intention to apply for patent in the future.

The Tele Response Solutions system, integrated with our telephony systems, supports the operation of our contact centres through its nine operative modules. Each of the nine operative modules carry an important function, from managing the dialing method of our telemarketing sales representatives, call and successful sales recording, archiving, grouping and retrieving, monitoring sales legitimacy, telemarketing sales representatives performance and relaying online payment instructions to the payment gateway.

Campaign Management Module

The campaign management module is designed to allow supervisory staff to set up various components of a telemarketing project and to create telemarketing project content pursuant to a standardized template. It allows a campaign manager to create, edit and delete user IDs for team leaders and telemarketing sales representatives, force user log out, release locked out for user accounts, set up daily key performance indicators for telemarketing sales representatives, and sales enrolment.

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Leads Management Module

The leads management module manages customer contact information we obtained from database owners and assigns such information to specific telemarketing sales representative. This module empowers a supervisor to assign customer contact information to telemarketing sales representatives according to their skills set, to grant and deny access for telemarketing sales representatives to assigned batches of contact information and to transfer contact information from one telemarketing sales representative to another. Customer contact information are handled electronically in a manner where personal information is not visible to either the supervisors or the telemarketing sales representatives.

Sales Fulfillment and Management Module

The sales fulfilment and management module allows telemarketing sales representatives to effectively and efficiently record and output successful sales.

Reporting Module

The reporting module provides standard or customised real time or historical data reports to reflect the overall performance of each telemarketing project and its assigned telemarketing sales representatives. Report types include database status reports showing a summary of the clients and database owners involved in each telemarketing project, sales performance reports showing project performance by date and telemarketing sales representatives, and talk time reports showing the amount of time a telemarketing sales representative spends on a call. These reports allow us to manage the performance of each telemarketing project and to prepare progress report for our clients.

Quality Assurance System Module

The quality assurance system module allows our quality assurance department to access and review all the sales call.

Data Mining Module

The data mining module is an analytical tool which when applied to data generated from our operations, can predict future behaviour and enable proactive, data-driven decisions. With analysis generated by analysing each call closed, previous data, and telemarketing sales representatives, this module can produce rates of contactable numbers, sales patterns, and the respective demographic details of prospective call recipients. This analysis is used to determine suitability and marketability of products, and open up potential recycling of prospective call contacts for future products or cross-selling.

Data Security Module

The data security module assists us in maintaining data security by masking the call recipient's phone number from the telemarketing sales representatives. By integrating with any PABX with API support and socket programming, an outbound call can be placed without the telemarketing sales representatives viewing the contact number.

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Key Performance Indicator Module

The key performance indicator module is an extensive statistics and analytics tool for supervisory staff to monitor the performance of the contact centre in real time through a user-friendly and user-definable graphical design interface, including performance of a telemarketing sales representative (e.g. number of calls made, number of successful sales made, and total talk time). This module also allows the user to fine tune a number of system parameters to further improve operational performance.

Online Payment Module

The online payment module allows the integration with payment gateway to enable our clients to charge the initial premium after the call recipient confirms purchase of product, thus assisting our clients with payment and premium collection.

INSURANCE

For all of the premises we leased from Independent Third Parties as our contact centres and offices, we maintain insurance against fire, consequential loss and burglary. We also maintain insurance for our money in transit, public liability, employer’s liability for all of our permanent employees and employees on contract term, fidelity guarantee and professional indemnity on loss of documents, libel and slander and dishonesty. Our Directors confirm that our Group has obtained adequate insurance coverage for the operation of our business, and is in line with the industry norm, and therefore believe that there is no material risk in connection with our business which is not covered by the abovementioned insurance. During the Track Record Period and up to the Latest Practicable Date, we had not made nor been the subject to any material insurance claims.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered one trademark in Hong Kong and one domain name, www.unitedteleservice.com, and had one trademark application filed in Malaysia, which were material to our business. For further details of our intellectual property rights, please refer to the section headed “Statutory and General Information — Further Information about the Business of our Group — Intellectual property rights” in Appendix IV to this document.

As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned or being applied by us.

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AWARDS AND RECOGNITIONS

Since the establishment of our Group till the Latest Practicable Date, we have been accredited by the Customer Relationship Management & Contact Centre Association of Malaysia the following awards in recognition of our services:

Year	Awards
2014	● 2nd Place Award for the Most Creative Contact Centre (Open Category) ● 3rd Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category) ● 3rd Place Award for the Best Outsourced Outbound Contact Centre (Under 100 Seats Category)
2013	● 1st Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category) ● 3rd Place Award for the Most Creative Contact Centre (Open Category)
2012	● 2nd Place Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category)
2011	● Gold Award for the Best Outsourced Outbound Contact Centre (Over 100 Seats Category) ● Bronze Service Award for the Most Creative Contact Centre

COMPETITION

According to the Industry Research Report, there were approximately 200 service providers in the outsourced outbound contact centre service industry in 2015. The outsourced outbound contact centre service industry is relatively concentrated with the top five players, in aggregate, accounted for approximately 70.4% of the market share in terms of revenue in 2015. Our Group was the third largest service provider with a market share of approximately 16.0% in terms of revenue in 2015. Outsourced outbound contact centre service providers compete with one another in respect of service quality, implementation of suitable contact centre service system, big data analysis and the ability to establish stable partnership with upstream product and service providers. For further details of our industry environment, please refer to the section headed “Industry Overview” in this document.

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PROPERTIES

As at the Latest Practicable Date, we did not own any immovable properties and had leased from Independent Third Parties six properties as our contact centres, all of which are situated within the central business district of Kuala Lumpur, Malaysia. Additionally, we also leased from an Independent Third Party an office in i-City of Shah Alam, a cybercentre for companies with MSC status for our software development personnel. The details of the seven premises which we leased as at the Latest Practicable Date are as follows:

No.	Address	Approximate gross floor area (sq. ft.)	Number of workstations	Rent (RM per month)	Duration of lease	Use
1.	No. 10.01 Level 10, Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200, Kuala Lumpur	9,649	262	36,666	From 1 December 2015 to 30 November 2018	Contact centre and head office
2.	No. 9.01, 9.02, 9.03 Level 9, Bangunan KWSP, No.3, Changkat Raja Chulan, 50200, Kuala Lumpur	9,649	276	33,772	From 1 April 2017 to 31 March 2020	Contact centre
3.	Suites 801–806, 8th Floor, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur ^(Note)	10,043	267	31,637	From 15 September 2016 to 14 September 2019	Contact centre and office
4.	Level 25, Menara Weld, No. 76, Jalan Raja Chulan, 50200 Kuala Lumpur	10,386	293	46,737	From 1 May 2016 to 30 April 2019 (with an option to extend the tenancy for a term of three years upon expiry)	Contact centre and office
5.	3rd Floor, Bangunan Ming Annexe, No. 9 Jalan Ampang, 50450 Kuala Lumpur ^(Note)	6,191	221	23,972	From 1 June 2016 to 31 May 2018 (with an option to renew the tenancy for a term of two years upon expiry at prevailing market rate)	Contact centre
6.	Unit No. M-3A, M-5 & M-6, Mezzanine Floor Wisma UOA II, No. 21, Jalan Pinang, 50450 Kuala Lumpur ^(Note)	2,852	104	12,263	From 1 March 2017 to 28 February 2019	Contact centre

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No.	Address	Approximate gross floor area (sq. ft.)	Number of workstations	Rent (RM per month)	Duration of lease	Use
7.	No. E-34-2 Jalan Multimedia 7/AG, City Park, i-City, 40000 Shah Alam, Selangor Darul Ehsan	1,558	—	3,895	From 1 September 2015 to 31 August 2017	Office for software development team

Note: Pursuant to the hybrid operative model with the database owners, we subleased these premises in part or in full to the database owners in order to assist them in meeting their regulatory or internal control measures.

The rent of the leased properties are primarily calculated based on floor area. During the Track Record Period, we had not experienced any difficulty in renewing our leases or leasing new premises for our operations at suitable locations and at commercial terms acceptable to us. However, there is no assurance that we will be able to secure space for our contact centres or renew existing leases on commercially acceptable terms. Please refer to the section headed “Risk Factors — Risks relating to our Businesses — If we are unable to secure space for our contact centre on commercially acceptable terms or renew the existing leases, our business, financial conditions and results of operations may be adversely affect” in this document for further details.

It is our business strategies to enter into lease agreements with our landlords for a term of not less than two years and to negotiate with our landlords for renewal at least three months before the expiry of the lease in order to secure spaces for our contact centre with higher stability. Given our experience in setting up new contact centres, our Directors believe that the costs and time of relocation from existing premises to other premises can be effectively and efficiently controlled and that disruption to our operations can be minimized.

As at the Latest Practicable Date, our Directors (i) were not aware of any investigations, notices, pending litigation, breaches of law or title defects; and (ii) had no plan in relation to construction, renovation, improvement, development or change in use of the leased properties of our Group.

LEGAL PROCEEDINGS AND COMPLIANCE

Licences, Permits and Approvals

As advised by our Malaysian Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, our Malaysian subsidiaries had obtained all material licenses, permits and approvals for our business operation in Malaysia.

With effect from 1 September 2016, pursuant to the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016, Kuala Lumpur City Hall imposed the requirement of business premise licenses for all premises located in Kuala Lumpur and utilised for business purpose as managing office. We have accordingly submitted the applications for business premise licenses to Kuala Lumpur City Hall in respect of all of our business premises located in Kuala Lumpur and we have obtained the business premise licences for all of our business premises located in Kuala Lumpur. For further details of the business premise licenses, please refer to the section headed “Regulatory Overview — Business Premise Licenses” in this document.

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The following is the licence obtained for our business operations:

Group member	Licence/permit/approval	Issuing authority	Expiry date	Description
TRSB	Office Advertisement License (Approval No.: MBSA/LSP/1.6/T/176)	Shah Alam City Council	31 January 2018	For the business premise at No. E-34-2, Jalan Multimedia 7/AG, City Park i-City, 40000 Shah Alam, Selangor Darul Ehsan
UTSM	Business Premise License (File No.: DBKL.JPPP/PR01/1483/10/2016)	Kuala Lumpur City Hall	18 October 2017	For the business premise at Tingkat 9, Tingkat 10, Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200 Kuala Lumpur
UTSM	Business Premise License (File No.: DBKL.JPPP/PR01/1594/10/2016)	Kuala Lumpur City Hall	19 October 2017	For the business premise at Tingkat 3, Bangunan Ming Annexe, No. 9, Jalan Ampang, 50450 Kuala Lumpur
UTSM	Business Premise License (File No.: DBKL.JPPP/PR01/1592/10/2016)	Kuala Lumpur City Hall	19 October 2017	For the business premise at Suite 801-806, Tingkat 8, Plaza See Hoy Chan, Jalan Raja Chulan, 50200 Kuala Lumpur
UTSM	Business Premise License (File No.: DBKL.JPPP/PR01/0344/10/2016)	Kuala Lumpur City Hall	7 October 2017	For the business premise at M-3A, M-05, & M-06, Jalan Pinang, Wisma UOA P2, Bukit Bintang-KLCC, 50450 Kuala Lumpur
UTSM	Business Premise License (File No.: DBKL.JPPP/PR01/1486/10/2016)	Kuala Lumpur City Hall	18 October 2017	For the business premise at Tingkat 25, Menara Weld, No. 76, Jalan Raja Chulan, 50200 Kuala Lumpur

We shall submit application to renew the relevant licence before its respective expiry in accordance with the relevant Malaysian laws and regulations. As advised by our Malaysian Legal Advisers, there are no legal impediments to the renewal of the relevant licence.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any instances of suspension or revocation of material licences, permits and approvals granted to us.

Legal Proceedings

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or threatened litigations, arbitration or administrative proceedings which have or could be expected to have a material adverse effect on our business, results of operations, financial condition and reputation.

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Compliance

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident the nature of which is of material impact non-compliance or systemic non-compliance; and our Group has been in compliance in all material respects with all applicable laws and regulations in the jurisdiction where we conduct our business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares which may be issued pursuant to the Share Option Scheme), Mr. Ng Chee Wai will, through Marketing Intellect, indirectly hold [REDACTED]% of the issued share capital of our Company respectively. For the purpose of the Listing Rules, Mr. Ng Chee Wai and Marketing Intellect are the Controlling Shareholders of our Company.

Marketing Intellect is a company incorporated in the BVI with limited liability on 19 August 2016. It is an investment holding company and does not have any business operation. It is wholly-owned by Mr. Ng Chee Wai. Mr. Ng Chee Wai is our executive Director.

Mr. Ng Chee Wai was raised and has lived in Malaysia for a substantial period of time. Mr. Ng Chee Wai is not and has not been a full time government official of any country, and he is not and has not been a full time employee of a state/government-owned/operated entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Our Group is capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders and their respective close associates, taking into consideration the following factors:

Management independence

Our Board comprises three executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and that no conflict between his duties as a Director and his personal interest would be allowed. If there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Director(s) or their respective close associate(s), unless otherwise provided in the Articles, the interested Director(s) shall not vote at the relevant board meeting(s) of our Company in respect of such transactions and shall not be counted towards the quorum.

Three of the members of our Board are independent non-executive Directors who are well-educated, and have extensive experience in different areas and/or are professionals, and they have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.

Furthermore, our Board’s main functions include devising and approving the overall business plans and strategies of our Group, monitoring the implementation of our Group’s policies and strategies and taking into account the reports and advice of the senior management of our Group. In addition, our Company has an independent senior management team to carry out the business decisions of our Group independently.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Having considered the above factors, our Directors are of the view that they are able to carry out the business decisions of our Group independently and to perform their relevant roles independently of our Controlling Shareholders and their respective associates after the Listing.

Operational independence

The operations of our Group are independent of and not connected with our Controlling Shareholders and their respective close associates. Our Group has established our own set of organizational structure made up of individual divisions, each with specific areas of responsibilities, including, inter alia, business development, campaign management, quality assurance, information technology, training and development, finance, etc.

Considering the operation status of our Group, our Directors are of the view that there is no operational dependence on our Controlling Shareholders or their respective close associates.

Financial independence

Our Group has an independent financial system, and makes financial decisions according to our Group’s own business needs. We have sufficient capital to operate our business independently, and adequate internal resources to support our daily operations.

During the Track Record Period, our Controlling Shareholder, Mr. Ng Chee Wai, has provided an unlimited personal guarantee as security in support of the bank loan facilities granted to UTS Marketing. Our Directors confirm that the said guarantee will be released upon Listing.

As such, upon Listing, our Group will have independent access to third party financing without relying on any guarantee from its Controlling Shareholders or their respective associates. As at the Latest Practicable Date, all loans and advances due from/to the Controlling Shareholders or their respective associates have already been fully settled. The Directors are of the view that our Group is able to obtain external financing on market terms and conditions for its business operations as and when required and is not financially dependent on the Controlling Shareholders or any of their respective close associates.

RULE 8.10 OF THE LISTING RULES

The Controlling Shareholders, the Directors and their respective close associates do not have any interest in a business apart from our Group’s business which competes and is likely to compete, directly or indirectly, with our Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

To ensure that direct competition does not develop between us and the activities of the Controlling Shareholders, each of the Controlling Shareholders has agreed to provide a non-competition undertaking in our favor, the principal terms of which are described below.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company, pursuant to which each of the Controlling Shareholders has undertaken to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that they would not, and they would use their best endeavours to procure that their close associates (except any members of our Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of our Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of our Group (the “**Restricted Business**”).

The above undertaking does not preclude the Controlling Shareholders from having an aggregate interest in:

- (a) not more than 5% of the issued shares in any company engaging any Restricted Business (the “**Subject Company**”) which is or whose holding company is listed on any recognized exchange; or
- (b) not more than 5% of the Subject Company’s consolidated turnover or assets, as shown in the Subject Company’s latest audited accounts, provided that there is a holder (with its close associates where appropriate) with a larger shareholding in the Subject Company than the aggregate shareholding held by any of the Controlling Shareholders and/or their respective close associates and the total number of representatives of any of the Controlling Shareholders on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company,

provided that the Controlling Shareholder and their respective close associates are not entitled to participate in the management of the Subject Company.

If any investment or other business opportunity relating to our business (“**Business Opportunity**”) is identified by the Controlling Shareholders, they shall refer such Business Opportunity to our Company and shall not pursue such Business Opportunity unless our Board or a board committee which do not have a material interest in the Business Opportunity declines the Business Opportunity.

Pursuant to the Deed of Non-Competition, the above restrictions would only cease to have effect on the earliest of the date on which the Controlling Shareholders cease to hold directly or indirectly in aggregate 30% or more of the entire issued share capital of our Company, or otherwise cease to be Controlling Shareholders or the Shares cease to be listed and traded on the Stock Exchange.

Further, the independent non-executive Directors will review, on an annual basis, the compliance of the Controlling Shareholders with the Deed of Non-Competition (in particular, the right of refusal relating to any Business Opportunity) and our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance with and the enforcement of the Deed of Non-Competition in our annual report or by way of announcement to the public.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTERESTS

Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and ensure due performance of the Deed of Non-Competition so as to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will be responsible for considering and deciding as to whether to pursue or decline the Business Opportunity;
- (b) our Controlling Shareholders undertake to provide all details reasonably necessary for our Company to consider whether to pursue such Business Opportunity, and if there is any material change in the nature, terms or conditions of such Business Opportunity, our Controlling Shareholders shall refer such Business Opportunity to our Company as if it were a new Business Opportunity;
- (c) if appropriate, our independent non-executive Directors may appoint independent financial advisers to assist in the decision-making process in relation to such Business Opportunity;
- (d) our Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors in respect of the compliance with the Deed of Non-Competition;
- (e) our independent non-executive Directors will review, on an annual basis, the compliance of our Controlling Shareholders with the Deed of Non-Competition, in particular the right of refusal relating to any Business Opportunity and our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-Competition in our annual report or by way of announcement to public; and
- (f) adoption of the Articles which provides that a Director shall not vote on any resolutions of the Board in relation to any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested and shall not be counted in the quorum of the meeting where such resolution is considered, unless otherwise provided in the Articles.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board consists of six Directors, among which there are three executive Directors and three independent non-executive Directors. Our Directors and senior management are involved in day-to-day management of our business. The following tables sets forth certain information in respect of our Directors:

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Brief description of roles and responsibilities
Mr. Ng Chee Wai	44	11 November 2011	23 August 2016	Executive Director and Chairman	Overseeing the business development of our Group; formulating overall business development strategy and soliciting new businesses
Mr. Lee Koon Yew	61	1 December 2009	23 August 2016	Executive Director and Chief Executive Officer	Formulating overall business strategy and planning; overseeing our Group’s performance and management
Mr. Kwan Kah Yew	48	30 June 2010	23 August 2016	Executive Director	Formulating overall business development strategy and planning; overseeing our Group’s performance and financial management
Mr. Lee Shu Sum Sam (李樹深)	45	14 June 2017	14 June 2017	Independent Non-executive Director	Participating in meetings of the Board to bring an independent perspective and judgement on issues of strategy, performance, key appointments and standards of conduct which are material to our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as Director	Position	Brief description of roles and responsibilities
Mr. Kow Chee Seng	48	14 June 2017	14 June 2017	Independent Non-executive Director	Participating in meetings of the Board to bring an independent perspective and judgement on issues of strategy, performance, key appointments and standards of conduct which are material to our Group
Mr. Chan Hoi Kuen Matthew (陳海權)	45	14 June 2017	14 June 2017	Independent Non-executive Director	Participating in meetings of the Board to bring an independent perspective and judgment on issues of strategy, performance, key appointments and standards of conduct which are material to our Group

The following table sets forth certain information in respect of the senior management of our Group:

Name	Age	Date of joining our Group	Date of appointment as our senior management	Position	Brief description of roles and responsibilities
Mr. Chang Siau Voon	42	27 October 2011	1 January 2014	Chief Financial Officer	Responsible for financial management, and accounting and reporting functions of the Group business
Mr. Wong Weng Yuen	45	3 December 2013	3 December 2013	Operations Director	Responsible for operation and project management, productivity management and facilities management

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as our senior management	Position	Brief description of roles and responsibilities
Ms. Chai Pei Chen	43	1 October 2011	1 May 2014	Senior Account Director	Responsible for project management and liaising with clients and their database owners on all matters related to the projects
Ms. Lim Soh Ting	35	1 April 2011	1 February 2014	Senior Account Director	Responsible for project management and liaising with clients and their database owners on all matters related to the projects
Mr. Woo Kai Meng	42	1 April 2010	12 July 2010	Head of Information Technology	Responsible for overseeing the operation and management of information technology of our Group

Executive Directors

Mr. Ng Chee Wai, aged 44, is the Chairman and an executive Director and is responsible for overseeing the business development of our Group; formulating overall business development strategy and soliciting new businesses.

In April 1995, Mr. Ng joined Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd), Malaysia and worked in direct marketing department before he left the said company in November 2008. During the said 13 years, Mr. Ng was responsible for business development and other marketing matters. After he left, Mr. Ng joined our Group in November 2011. Mr. Ng was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Ng obtained a Bachelor of International Business degree from Griffith University in September 1994.

Mr. Lee Koon Yew, aged 61, is an executive Director and the chief executive officer of our Group. Mr. Lee is responsible for formulating the overall business strategy and planning; overseeing our Group’s performance and management.

Mr. Lee has more than 25 years of experiences in the insurance industry. During the period between 1981 and 1995, he worked in Hong Leong Assurance Berhad and his last position was assistant general manager responsible for the general management of the said company.

DIRECTORS AND SENIOR MANAGEMENT

From September 1995 to December 2006, Mr. Lee became the Country Manager & Principal Officer of Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd), responsible for the overall management of the said company. After working in the said company for 11 years, he joined Tahan Insurance Berhad as the chief executive officer and was responsible for the overall management of the said company. He then joined our Group in December 2009.

Mr. Lee was the chairman of Insurance Services Malaysia from 2005 to 2009. He was also the chairman of General Insurance Association of Malaysia (PIAM), the director of Malaysian Ratings Corp. Bhd. and the director of Malaysian Insurance Institute during the period from 2008 to 2009. Mr. Lee was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Lee obtained a Bachelor of Commerce degree from the University of Canterbury in May 1980.

Mr. Kwan Kah Yew, aged 48, is an executive Director and is responsible for formulating overall business development strategy and planning, overseeing our Group’s performance and financial management.

Mr. Kwan worked in various accounting firms as audit staff during the period between January 1994 and July 1998 responsible of reviewing and preparing the consolidated accounts and fund flow statements.

From July 1998 to July 2009, Mr. Kwan worked in ACE Synergy Insurance Berhad as Chief Financial Officer, responsible for management of financial-related matters of the Company. He joined our Group in June 2010. Mr. Kwan was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Kwan has been a fellow of The Association of Chartered Certified Accountants since September 2002.

Mr. Kwan obtained a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman College in June 1993.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Lee Shu Sum Sam (李樹深), aged 45, is an independent non-executive Director.

Mr. Lee started his career in April 1994 as a customer service officer in Seapower Futures Limited, responsible for analyzing and providing up-to-date market information of currency commodity and US stock market to customers. During the period between June 1996 and August 2005, Mr. Lee was the business analyst in The Hong Kong Jockey Club, responsible for overall project management. During the period between 2005 and 2010, Mr. Lee had worked in the following companies:

Period	Employer	Last position
August 2005 to April 2007	The Hong Kong Broadband Network Limited	Assistant IT manager
April 2007 to April 2008	The Hong Kong International Terminals Limited	Systems analyst
April 2008 to October 2009	The Hong Kong Economic Times Limited	Project manager

Mr. Lee was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Lee obtained a Bachelor of Information Technology from Griffith University, Australia in April 1994.

Mr. Kow Chee Seng, aged 48, is an independent non-executive Director.

Mr. Kow has more than 17 years of accounting experiences. He was an auditor in Lim, Tay & Co. (林鄭會計公司) during the period between January 1994 and June 2005, responsible for auditing, taxation and accounting works. He then served as an accountant in Dolomite Industrial Park Sdn. Bhd. from December 2005 to August 2006, responsible for liaising with the auditor, ensuring compliance with internal control policies, preparing the accounts of the said company. Mr. Kow joined Bintai Kinden Corporation Berhad as the accountant in 2006, responsible for management of accounts, and treasury management. He became a partner of J&K Management Consultancy Services and worked there until April 2010, providing accounting and secretarial management consultancy services. In 2010, he founded C S Kow & Associates, providing audit, taxation, accounting and company secretarial services. Mr. Kow was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Kow became a fellow member of The Association of Chartered Certified Accountants in January 2004. He also became an approved company auditor licensed by the Ministry of Finance of Malaysia in 2010, and an approved tax agent licensed by the Ministry of Finance of Malaysia in 2014.

Mr. Kow obtained a Diploma in Commerce (Major in Financial Accounting) from College Tunku Abdul Rahman, Malaysia in July 1993.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Hoi Kuen Matthew (陳海權), aged 45, is an independent non-executive Director.

Mr. Chan is currently a career representative unit manager in AIA International Limited, responsible for serving clientele in respect of their insurance coverage and wealth management. Prior to joining AIA International Limited, Mr. Chan had worked in the following companies:

Period	Employer	Last position
October 1999 to August 2003	Indover bank (Asia) Limited	Assistant Vice President of the Commercial Banking Department
January 2004 to February 2006	Australia and New Zealand Banking Group Limited	Manager
March 2006 to January 2007	Calyon Corporate and Investment Bank	Manager in the Ship finance Department
April 2007 to October 2007	DBS Bank (Hong Kong) Limited	Senior relationship manager
October 2007 to December 2008	Indover bank (Asia) Limited	Vice President

Mr. Chan is currently an independent non-executive director of CBK Holdings Limited (國茂控股有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8428).

Mr. Chan is a certified practicing accountant since November 1997 and he became an associate of the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants”) in February 2001.

Mr. Chan obtained a Bachelor of Commerce in Accounting and Finance from The University of New South Wales, Australia in October 1994 and a postgraduate diploma in Financial Policy from the University of London, United Kingdom through distance learning in December 1996.

Information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules

There is no information of each of the Directors which needs to be disclosed pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and save as disclosed in this document, there are no other matters that need to be brought to the attention of the Shareholders under Rule 13.51(2) of the Listing Rules in connection with his appointment as a Director.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chang Siau Voon, aged 42, is the Chief Financial Officer of our Group, responsible for the financial management and accounting and reporting functions of our Group’s business.

Mr. Chang started his career in February 1999 and had worked in the following companies:

Period	Employer	Last position
January 1999 to June 2000	Global Enterprise Sdn Bhd	Finance & Administration Officer
August 2000 to March 2001	Maruzen Nihonbashi Sdn Bhd	Accounts Assistant
March 2001 to December 2002	Deloitte Kassim Chan	Audit Semi Senior

In January 2003, Mr. Chang joined AmAssurance Insurance Berhad as senior officer and promoted to manager in April 2004. He worked in the said company until September 2007, mainly responsible for preparing its accounts. In September 2007, he joined Chubb Insurance Malaysia Berhad (formerly known as ACE Synergy Insurance Bhd) as assistant manager and was promoted as manager in January 2010 and worked in that position until October 2011, mainly responsible for overseeing the reporting section for accurate and timely submission of statutory reports assisting in the preparation of annual budget and monthly forecast and handling all reinsurance and treaty administration related matters. After that, he joined our Group in October 2011 as finance manager and was promoted to Chief Financial Officer in January 2014. Mr. Chang was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Chang is a member of Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia since September 2009 and November 2004 respectively.

Mr. Chang obtained a Bachelor of Business degree from University of Technology, Sydney in June 1999.

Mr. Wong Weng Yuen, aged 45, is the Operations Director of our Group and is mainly responsible for operation and project management, productivity management and facilities management.

Mr. Wong worked in Diners Club (Malaysia) Sdn Bhd during the period between July 1995 and December 2005 and held the positions of accountant, manager of finance operations & special projects. He then joined International SOS (M) Sdn Bhd as a finance manager in January 2006 and worked in that company until March 2007 responsible for managing its finance operations. After that, he re-joined Diners Club (Malaysia) Sdn Bhd as a finance manager in April 2007 and subsequently promoted to assistant general manager in July 2011 and worked in that position until November 2013, responsible for the general management of the said company. Mr. Wong then joined our Group in December 2013 as Operations Director. Mr. Wong was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Mr. Wong is a fellow member of The Association of Chartered Certified Accountants since October 2004.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chai Pei Chen, aged 43, is the senior account director of our Group and is mainly responsible for liaising with clients and their database owners on all matters related to the projects.

Ms. Chai worked in the following education-related work in her early stage of her career:

Period	Employer	Last position
October 2000 to May 2002	Pericon.com Sdn Bhd	Implementation consultant for Skillsoft

Ms. Chai then joined Chubb Insurance Bhd (formerly known as ACE Synergy Insurance Bhd) in June 2002, and held the positions of training executive, executive, direct marketing executive, assistant manager and her last position in the said company was manager in direct marketing, responsible for handling sales matters. After she left Chubb Insurance Bhd in May 2009, she joined Hong Leong Assurance Berhad in May 2009 as manager in affinity business and alternative channels, responsible for client management. Ms. Chai then joined our Group in October 2010 as consultant, and subsequently promoted as account director and senior account director, and is mainly responsible for project management and liaising with clients and database owners on all matters related to the projects. Ms. Chai was not a director of any company listed on any stock exchange during the three (3) years before the Latest Practicable Date.

Ms. Chai obtained the Bachelor of Education from Chichester Institute of Higher Education (an accredited college of the University of Southampton), the United Kingdom in July 1998.

Ms. Lim Soh Ting, aged 35, is the senior account director of our Group and is mainly responsible for project management and liaising with clients and their database owners on all matters related to the projects.

Ms. Lim joined Teledirect Telecommerce Sdn Bhd as a telesales executive in October 2002 and held the positions of team leader, management trainee and her last position in Teledirect Telecommerce Sdn Bhd was project executive, responsible for project management and client management. After that, Ms. Lim left Teledirect Telecommerce Sdn Bhd in February 2008, she joined Hewlett Packard Corporation Berhad in March 2008 as an inside sales supervisor, responsible for managing inside sales team of the said company. Ms. Lim then joined our Group in April 2011 as Campaign Manager and was promoted to senior account director in January 2016.

Ms. Lim obtained a life insurance agent certificate from the Malaysian Insurance Institute in September 2004.

Mr. Woo Kai Meng, aged 42, is the Head of Information Technology of our Group, responsible for overseeing the operation and management of information technology of our Group.

Mr. Woo has more than 15 years of experience in information technology operations. Prior to joining the Group, In September 2001, Mr. Woo served as a senior executive in ACE Synergy Insurance Berhad and was promoted as an assistant manager in September 2007, responsible for project management. After that, Mr. Woo joined our Group in April 2010 as the head of information technology.

DIRECTORS AND SENIOR MANAGEMENT

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

JOINT COMPANY SECRETARIES

Mr. Yau Chung Hang (邱仲珩), aged 44, was appointed as the joint company secretary of our Company on 21 September 2016. Mr. Yau has comprehensive experience in finance, accounting and company secretarial matters of listed companies in Hong Kong. Mr. Yau is currently the chief financial officer and company secretary of Feillie Group and the company secretary of Jiashili Group Limited (嘉士利集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1285), being responsible for the preparation of financial statements and company secretarial work. During the period between April 2005 and February 2014, Mr. Yau had worked in the following companies:

Period	Employer	Stock Code	Job Positions
April 2005 to March 2006	Ningbo Yidong Electronic Company Limited	8249	Company secretary
September 2007 to February 2014	Brilliant Circle Holdings International Limited (貴聯控股國際有限公司)	1008	Chief financial officer and company secretary

Mr. Yau obtained a Bachelor’s degree in Accountancy from the University of Bolton, the United Kingdom in August 2005. Mr. Yau became a fellow member of The Association of Chartered Certified Accountants since November 2006 and a member of Hong Kong Institute of Certified Public Accountants since April 2002.

Mr. Wong Weng Yuen, was appointed as the joint company secretary of the Company on 21 September 2016. Mr. Wong is also our operations director. For further details of Mr. Wong’s biography, please refer to the paragraph headed “Senior Management” above.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed CLC International as our compliance adviser, who will have access to all relevant records and information relating to our Company that it may reasonably require to properly perform its duties.

Pursuant to Rule 3A.23 of the Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (iii) where our Company proposes to use the proceeds of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The terms of appointment shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED], that is, the distribution of our Company’s annual report of its financial results for the year ending 31 December 2018, or until the agreement is terminated, whichever is the earlier.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit committee

Our Company established the Audit Committee on 14 June 2017 pursuant to a resolution of the Directors passed on 14 June 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in the Appendix 14 of the Listing Rules. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control procedures of our Group. The Audit Committee consists of three members, namely Mr. Chan Hoi Kuen Matthew, Mr. Lee Shu Sum Sam and Mr. Kow Chee Seng and Mr. Kow Chee Seng is the chairman of the Audit Committee.

Remuneration committee

Our Company established the Remuneration Committee on 14 June 2017 pursuant to a resolution of the Directors passed on 14 June 2017 in compliance with the Corporate Governance Code of the Listing Rules. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of our Group and ensure that none of the Directors or any of their associates determine their own remuneration. The Remuneration Committee consists of four members, namely Mr. Chan Hoi Kuen Matthew, Mr. Kow Chee Seng, Mr. Lee Shu Sum Sam and Mr. Lee Koon Yew. Mr. Chan Hoi Kuen Matthew is the chairman of the Remuneration Committee.

Nomination committee

Our Company established the Nomination Committee on 14 June 2017 pursuant to a resolution of the Directors passed on 14 June 2017 in compliance with the Corporate Governance Code of the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members;

DIRECTORS AND SENIOR MANAGEMENT

assess the independence of independent non-executive Directors and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors. The Nomination Committee consists of four members, namely Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng, Mr. Chan Hoi Kuen Matthew and Mr. Kwan Kah Yew. Mr. Lee Shu Sum Sam is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the relevant Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT’S REMUNERATION

The aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses paid to the Directors for the years ended 31 December 2014, 2015 and 2016 were approximately RM1.5 million, RM1.5 million and RM1.5 million respectively.

Our Group’s five highest paid individuals included three Directors. Excluding those Directors, the aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses paid to the remaining two highest paid individuals for the years ended 31 December 2014, 2015 and 2016 were approximately RM0.5 million, RM0.5 million and RM0.6 million respectively.

Our Directors’ remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities, the time devoted to the Group, individual performance and the performance of our Group.

During the Track Record Period, no compensation was paid to, or receivable by, our Directors, past directors or our Group’s five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. During the Track Record Period, no emolument was paid to, or receivable by, our Directors or our Group’s five highest paid individuals as an inducement to join or upon joining our Group. During the Track Record Period, none of our Directors had waived or agreed to waive any emolument.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

For additional information on our Directors’ remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 13 in the accountants’ report set out in Appendix I to this document.

DIRECTORS AND SENIOR MANAGEMENT

EMPLOYEES

As at the Latest Practicable Date, our Group had approximately 1,542 full-time employees. For details about our employees and staff policy, please refer to the section headed “Business — Human Resource” in this document.

Relationship with employees

Our Directors believe that our Group maintains good working relationships with our employees. Our Group has not encountered any difficulty in the recruitment and retention of staff for our operations or experienced any material disruption of our operations as a result of labour disputes since the establishment of our business.

STAFF BENEFITS

Our Group participates in the employees’ provident fund prescribed by the Employee Provident Fund Act 1991 and our Directors confirm that our Group has made the relevant contributions in accordance with the aforesaid laws and regulations. Save as the aforesaid, our Group did not participate in any other pension schemes during the Track Record Period.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 14 June 2017 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries:

Long position in the Shares

Name	Capacity/nature	Number of Shares held/interested immediately following completion of the [REDACTED]	Percentage of shareholding immediately following completion of the [REDACTED]
Marketing Intellect	Beneficial owner	[REDACTED]	[REDACTED]%
Mr. Ng Chee Wai (<i>note 1</i>)	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Ms. Cheong Wai Mun (<i>note 2</i>)	Interest of spouse	[REDACTED]	[REDACTED]%
Marketing Talent	Beneficial owner	[REDACTED]	[REDACTED]%
Mr. Lee Koon Yew (<i>note 3</i>)	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Ms. Teh Swee Lee (<i>note 4</i>)	Interest of spouse	[REDACTED]	[REDACTED]%
Marketing Wisdom	Beneficial owner	[REDACTED]	[REDACTED]%
Mr. Kwan Kah Yew (<i>note 5</i>)	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Ms. Sun Bee Wah (<i>note 6</i>)	Interest of spouse	[REDACTED]	[REDACTED]%

Notes:

- Marketing Intellect is a company incorporated in the BVI and is wholly-owned by Mr. Ng Chee Wai. Mr. Ng Chee Wai is deemed to be interested in all the Shares held by Marketing Intellect for the purposes of the SFO.
- Ms. Cheong Wai Mun being the spouse of Mr. Ng Chee Wai is deemed to be interested in the Shares held by Mr. Ng Chee Wai by virtue of the SFO.
- Marketing Talent is a company incorporated in the BVI and is wholly-owned by Mr. Lee Koon Yew. Mr. Lee Koon Yew is deemed to be interested in all the Shares held by Marketing Talent for the purposes of the SFO.

SUBSTANTIAL SHAREHOLDERS

4. Ms. Teh Swee Lee being the spouse of Mr. Lee Koon Yew is deemed to be interested in the Shares held by Mr. Lee Koon Yew by virtue of the SFO.
5. Marketing Wisdom is a company incorporated in the BVI and is wholly-owned by Mr. Kwan Kah Yew. Mr. Kwan Kah Yew is deemed to be interested in all the Shares held by Marketing Wisdom.
6. Ms. Sun Bee Wah being the spouse of Mr. Kwan Kah Yew is deemed to be interested in the Shares held by Mr. Kwan Kah Yew by virtue of the SFO.

Save as disclosed above, the Directors are not aware of any other persons who will, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandate as referred to in the paragraph headed “Further information about our Company and our Subsidiaries — 6. Repurchase of our Shares” in Appendix IV to this document), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

Authorised:

HK\$

<u>10,000,000,000</u> Shares	<u>[REDACTED]</u>

Shares issued and fully paid or credited as fully paid:

100 Shares in issue as at the date of this document	1
[REDACTED] Shares to be issued under the [REDACTED]	[REDACTED]
<u>[REDACTED] Shares to be issued under the [REDACTED]</u>	<u>[REDACTED]</u>
 <u>[REDACTED] Shares</u>	 <u>[REDACTED]</u>

ASSUMPTIONS

The above table assumes that the [REDACTED] and the [REDACTED] become unconditional but takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

RANKING

The [REDACTED] will rank pari passu in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares after the date of this document other than participation in the [REDACTED].

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix IV to this document.

GENERAL MANDATE TO ISSUE NEW SHARES

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the aggregate of:

1. 20% of the total nominal amount of the Shares in issue immediately following completion of the [REDACTED] and the [REDACTED]; and
2. the total nominal amount of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully in the paragraph headed “General mandate to repurchase Shares” below.

SHARE CAPITAL

This general mandate is in addition to the powers of the Directors to allot, issue or deal with Shares under a rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share scheme or similar arrangement for the time being adopted by our Company or any Shares allotted in lieu of the whole or part of a dividend on shares of our Company in accordance with its Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the [REDACTED] and the [REDACTED].

This general mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles or any applicable laws of Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further details of this general mandate, please see the paragraph headed “Written resolutions of our Shareholders passed on 14 June 2017” in the section headed “Further information about our Company and our Subsidiaries” in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares issued and to be issued immediately following the completion of the [REDACTED] and the [REDACTED].

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules and all applicable laws. A summary of the relevant requirements in the Listing Rules is set out in the paragraph headed “Repurchase of our Shares” in the section headed “Further information about our Company and our Subsidiaries” in Appendix IV to this document.

This general mandate will expire:

- at the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by the Articles or any applicable laws of Cayman Islands to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

SHARE CAPITAL

For further details of this general mandate, please see the paragraph headed “Written resolutions of our Shareholders passed on 14 June 2017” in the section headed “Further information about our Company and our Subsidiaries” in Appendix IV in this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the sub-section headed “Alteration of capital” in Appendix III to this document.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please refer to the sub-section headed “Variation of rights of existing shares or classes of shares” in Appendix III to this document.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in Appendix III to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our Group’s financial condition and results of operations together with our consolidated financial statements as at and for each of the years ended 31 December 2014, 2015 and 2016, including the accompanying notes, set out in the accountants’ report included as Appendix I to this document. The accountants’ report has been prepared in accordance with HKFRSs. Potential investors should read the whole of the accountants’ report included as Appendix I to this document and not rely merely on the information contained in this section. The following discussion and analysis contains forward looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed “Risk Factors” in this document.

OVERVIEW

We principally provide telemarketing services of financial products, which include insurance, credit cards, personal loans and balance transfers, for our clients. Our current clientele are principally banks and insurance companies. We operated six contact centres situated within the central business district of Kuala Lumpur of Malaysia and employed approximately 1,542 staff, among which approximately 1,110 were professionally trained telemarketing sales representatives, as at the Latest Practicable Date.

Our Group’s revenue is predominantly derived from the provision of telemarketing services in Malaysia. During the Track Record Period, we provided various outbound contact services including telemarketing services for insurance products (including conventional and takaful insurance products), promoting credit cards, handling redemption programmes for loyalty cards, donation programmes, conducting customers’ information update programmes, cross-selling and up-selling of products. Customer contact information are provided to us by the database owners we cooperate with.

During the Track Record Period, our clients were principally operating in the insurance, banking and financial and telecommunications industry. For the years ended 31 December 2014, 2015 and 2016, revenue derived from our clients in the insurance industry accounted for approximately 91.2%, 84.8% and 80.7% of our revenue, respectively.

Our Group recorded revenues of approximately RM57.9 million, RM69.0 million and RM73.2 million for the years ended 31 December 2014, 2015 and 2016, respectively. Profits and total comprehensive income for Group were approximately RM14.9 million, RM19.0 million and RM14.3 million for the years ended 31 December 2014, 2015 and 2016, respectively.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations.

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Our Company was incorporated in the Cayman Islands as an exempted company on 23 August 2016. In preparation for the Listing, our Group underwent the Reorganisation, which is described in details in the section headed “History, Reorganisation and Corporate Structure” in this document and in “Statutory and General Information” in Appendix IV to this document. Our Company became the holding company of the subsidiaries now comprising the Group upon completion of the Reorganisation.

The financial information included in the accountants’ report included as Appendix I to this document has been prepared on a consolidation basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period. The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 December 2014, 2015 and 2016 present the assets and liabilities of the subsidiaries now comprising the Group as if the current Group structure had been in existence at those dates.

We have prepared our financial information on the historical cost convention.

The Company’s functional currency is the Malaysian Ringgit. As the Group’s operations are principally conducted in Malaysia, the consolidated financial statements have been presented in the Malaysian Ringgit (“RM”).

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The major factors affecting our results of operations and financial condition include the following:

Changes in our clients base and the industries in which our major clients operates

Our Group generated revenue of approximately 91.2%, 84.8% and 80.7% for the years ended 31 December 2014, 2015 and 2016, respectively from our clients in the insurance sector. As demand for our services depends on the marketing needs of our clients, the growth, business prospect or any changes in the regulatory environment of the insurance industry may significantly affect our major clients; and in turn may significantly reduce the volume and/or price of our service and thus affect our results of operations and financial condition.

Additionally, a majority of our revenue is derived from a limited number of clients. For the years ended 31 December 2014, 2015 and 2016, the revenue from our largest client accounted for approximately 18.6%, 20.0% and 20.4% of our total revenue, respectively. For the same years, the revenue from our five largest clients accounted for approximately 74.6%, 67.4% and 62.7% of our total revenue, respectively. The ability of our Group to retain and continue to bring in new clients may have a material effect on our results of operations and financial condition.

As part of our strategic development, we attempt to mitigate our industry and client concentration risks through maintaining and developing a diverse clients base by expanding our service to inbound contact service and to provide outbound contact service to cover new products such as motor vehicle insurance, the sale and activation of credit cards, balance transfers and donation programmes, in hope to tap into new clients in the insurance sector or clients in other industry sectors. However, such expansion of our business to the provision of inbound contact service and the provision of outbound contact service

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to cover new products may involve substantial time and resources. In the event that we encounter problems or delays in our expansion plan, our business, results of operations and prospects may be materially and adversely affected.

Ability of our Group to secure key officers and sufficient labour and control staff costs

To a significant extent, the success of our Group depends on the experience, expertise and the continuous services of members of our senior management team who have an average of more than 15 years of relevant working experience and have served our Group for an average of more than four years. For the bibliographical details of our senior management team, please refer to the section headed “Directors, Senior Management and Staff” in this document. Our business and results of operations depend on our ability to retain and motivate our key officers and employees who utilize their experience, expertise and business connections to initiate new business opportunities for our Group.

In addition, as an outbound contact service provider, one of our main cost items is staff costs. Our total staff costs, which primarily comprise of salaries, bonuses, commission and employee benefit expenses, were approximately RM33.5 million, RM40.3 million and RM44.8 million for the years ended 31 December 2014, 2015 and 2016, respectively. Since the contact service industry is service-oriented and labour intensive, our success depends in part upon our ability to attract, retain and motivate a sufficient number of staff, in particular our telemarketing sales representatives. Individuals having the appropriate work experience or are adequately trained are under demand.

Further, competition for qualified staff, especially telemarketing sales representatives, could require us to pay higher wages, resulting in higher staff costs. Our ability to recruit and retain qualified staff affects and control our staff costs may affect our results of operations and financial condition.

The following table is for reference only and illustrates the impact of hypothetical fluctuations in our staff costs on our profit before tax during the Track Record Period. Fluctuations are assumed to be 5.0%, 10.0% and 20.0% for the years ended 31 December 2014, 2015 and 2016, respectively.

	-20.0%	-10.0%	-5.0%	5.0%	10.0%	20.0%
<i>For the year ended 31 December 2014</i>						
Change in staff costs (RM'000)	(6,707)	(3,354)	(1,677)	1,677	3,354	6,707
Effect on profit before tax (RM'000)	6,707	3,354	1,677	(1,677)	(3,354)	(6,707)
Profit before tax (RM'000)	21,539	18,186	16,509	13,155	11,478	8,125
<i>For the year ended 31 December 2015</i>						
Change in staff costs (RM'000)	(8,065)	(4,033)	(2,016)	2,016	4,033	8,065
Effect on profit before tax (RM'000)	8,065	4,033	2,016	(2,016)	(4,033)	(8,065)
Profit before tax (RM'000)	27,100	23,068	21,051	17,019	15,002	10,970
<i>For the year ended 31 December 2016</i>						
Change in staff costs (RM'000)	(8,959)	(4,480)	(2,240)	2,240	4,480	8,959
Effect on profit before tax (RM'000)	8,959	4,480	2,240	(2,240)	(4,480)	(8,959)
Profit before tax (RM'000)	23,277	18,798	16,558	12,078	9,838	5,359

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Ability to maintain our relationship with the database owners we cooperate with, and thus to stay competitive in the market

Our competitiveness and our revenue sustainability depend on our ability to maintain our relationship with the database owners we cooperate with. We adopt a business model where we focus on exploring business opportunities by cooperating with different database owners. We proactively identify potential database owners, which include banks, telecommunication companies and loyalty card companies, and assist them to realize the value of the database they possessed by offering them telemarketing proposals for their own products and by introducing them to our potential clients which could make use of their database in telemarketing projects delivered by our Group. Our Directors believe that this approach of connecting database owners and potential clients is one of our key competitive edges as it does not only create business opportunities for us, it also assists our clients and database owners in acquiring new business partners and brings about cross-selling opportunities among our clients and database owners we cooperate with. Thus, our competitiveness in the outbound contact service market and the sustainability of our revenue and net profit depends on whether we can maintain relationship with the database owners we work with. During the Track Record Period, we worked with 17 database owners, 10 of which were also our clients. As at the Latest Practicable Date, we worked with 10 database owners, four of which were also our clients. Given such special business model, our ability to maintain business relationship with our major database owners in the future is crucial for us to stay competitive in the market and to our results of operations and financial condition.

Ability to secure space on commercially acceptable terms

As at the Latest Practicable Date, we had leased from Independent Third Parties six properties as our contact centres, all of which are situated within the central business district of Kuala Lumpur, Malaysia. Additionally, we also leased from an Independent Third Party an office in i-City of Shah Alam, a cybercentre for companies with MSC status for our software development personnel. Our aggregate rental expenses in respect of contact centres and office premises were approximately RM2.1 million, RM2.4 million and RM2.6 million for the years ended 31 December 2014, 2015 and 2016, respectively, representing approximately 26.2%, 26.4% and 19.5%, respectively, of our total other operating expenses for the same years. As at the Latest Practicable Date, we have entered into six tenancy agreements for our contact centre operation which has a term of two or three years. Accordingly, we are susceptible to the rental fluctuation upon expiry. In the event that we are unable to renew the existing lease arrangements on commercially acceptable terms or there is any significant increase in the rental expenses for our existing leased properties upon renewal, we may have to incur additional costs in relocating our contact centres to less suitable locations and renovating such premises for use as contact centres accordingly or incur additional rental expenses. Our operating expenses and pressure on our operating cash flows will thus increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

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The following table is for reference only and illustrates the impact of hypothetical fluctuations in our rental expenses on our profit before tax during the Track Record Period. Fluctuations are assumed to be 5.0%, 10.0% and 20.0% for the years ended 31 December 2014, 2015 and 2016, respectively.

	-20%	-10%	-5%	5%	10%	20%
<i>For the year ended 31 December 2014</i>						
Change in rental expenses (RM'000)	(429)	(215)	(107)	107	215	429
Effect on profit before tax (RM'000)	429	215	107	(107)	(215)	(429)
Profit before tax (RM'000)	15,261	15,047	14,939	14,725	14,617	14,403
<i>For the year ended 31 December 2015</i>						
Change in rental expenses (RM'000)	(472)	(236)	(118)	118	236	472
Effect on profit before tax (RM'000)	472	236	118	(118)	(236)	(472)
Profit before tax (RM'000)	19,507	19,271	19,153	18,917	18,799	18,563
<i>For the year ended 31 December 2016</i>						
Change in rental expenses (RM'000)	(518)	(259)	(130)	130	259	518
Effect on profit before tax (RM'000)	518	259	130	(130)	(259)	(518)
Profit before tax (RM'000)	14,836	14,577	14,448	14,188	14,059	13,800

Further, our ability to lease suitable sites for new contact centres on terms that are acceptable to our Group also affects our future business development and prospects.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENT

We have identified below the accounting policies that we believe are the most critical to our consolidated financial statements. Our significant accounting policies and key estimates concerning the future are set forth in detail in notes 4 and 5 to the accountants' report included as Appendix I to this document.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also required management to exercise judgement in the process of applying our Group's accounting policies. Different policies, estimates and assumptions in critical areas could lead to materially different results. Our Group has continually evaluated these estimates based on our own experience, knowledge and assessment of current business and other conditions, and our Group's expectations based on available information and other reasonable assumptions, which together form the basis for making judgements about matters that are not readily apparent from other sources. The use of estimates is an integral component of the financial reporting process, and our Group's actual results could differ from these estimates. Some of our Group's accounting policies require a higher degree of judgement than others in their application.

Our Group believes the preparation of our Group's financial statements uses the following accounting policies which involve the most significant estimates and higher degree of judgement.

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Accounting policies

Revenue recognition

Please refer to note 4 headed “Significant accounting policies — revenue recognition” of the accountants’ report in Appendix I to this document.

Leases

Please refer to note 4 headed “Significant accounting policies — leases” of the accountants’ report in Appendix I to this document.

Employee benefits

Please refer to note 4 headed “Significant accounting policies — employee benefits” of the accountants’ report in Appendix I to this document.

Accounting estimates

Property, plant and equipment and depreciation

Please refer to note 5 headed “Key sources of estimation uncertainty — property, plant and equipment and depreciation” of the accountants’ report in Appendix I to this document.

Impairment loss for bad and doubtful debts

Please refer to note 5 headed “Key sources of estimation uncertainty — impairment loss for bad and doubtful debts” of the accountants’ report in Appendix I to this document.

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RESULTS OF OPERATIONS

Our consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2014, 2015 and 2016 as set out below are derived from our consolidated statements of profit or loss and other comprehensive income included in Appendix I to this document.

	Year ended 31 December		
	2014	2015	2016
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue	57,939	69,005	73,161
Other income and gains	481	643	834
Staff costs	(33,535)	(40,326)	(44,795)
Depreciation	(1,888)	(1,481)	(1,343)
Other operating expenses	<u>(8,110)</u>	<u>(8,755)</u>	<u>(13,291)</u>
Profit from operations	14,887	19,086	14,566
Finance costs	<u>(55)</u>	<u>(51)</u>	<u>(248)</u>
Profit before tax	14,832	19,035	14,318
Income tax credit/(expense)	<u>77</u>	<u>(3)</u>	<u>(3)</u>
Profit and total comprehensive income for the year	<u><u>14,909</u></u>	<u><u>19,032</u></u>	<u><u>14,315</u></u>

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DESCRIPTION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group’s revenue represents the service income from the provision of telemarketing services. All of our revenue was generated from our services provided in Malaysia. Our total revenue amounted to approximately RM57.9 million, RM69.0 million and RM73.2 million, respectively for the years ended 31 December 2014, 2015 and 2016.

The table below sets out the breakdown of our Group’s revenue by industry sectors in which our clients operate in during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RM’000	%	RM’000	%	RM’000	%
Industry sector						
Insurance	52,830	91.2	58,522	84.8	59,069	80.7
Banking and financial	1,276	2.2	5,082	7.4	7,136	9.8
Telecommunications	2,682	4.6	3,782	5.5	713	1.0
Others	<u>1,151</u>	<u>2.0</u>	<u>1,619</u>	<u>2.3</u>	<u>6,243</u>	<u>8.5</u>
Total	<u>57,939</u>	<u>100</u>	<u>69,005</u>	<u>100</u>	<u>73,161</u>	<u>100</u>

Our largest source of income derived from our clients in the insurance sector which mainly include insurance companies and the insurance associates of banking groups which require outbound contact services for telemarketing of conventional or takaful insurance products to selected customers in their databases or databases provided by other database owners we cooperate with. Our Group generated revenue from our clients in the insurance sector in the amount of approximately RM52.8 million, RM58.5 million and RM59.1 million, representing approximately 91.2%, 84.8% and 80.7% of the total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. The amount of revenue generated from clients in the insurance sector increased from approximately RM52.8 million for the year ended 31 December 2014 to approximately RM58.5 million for the year ended 31 December 2015, which was primarily due to the increase in the workstations ordered from our clients in the insurance sector during the year. The amount of revenue generated from clients in the insurance sector remained relatively stable for the years ended 31 December 2015 and 2016. The general decreasing trend in the contribution of our clients in the insurance sector is due to our management’s intention to diversify our clients base.

Our clients in the banking and financial services sector include international and local banks offering comprehensive consumer and retail banking services. Our Group generated revenue from our clients in the banking and financial services sector in the amount of approximately RM[REDACTED] million, RM5.1 million and RM7.1 million, representing approximately 2.2%, 7.4% and 9.8% of the total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. The general increasing trend in the amount and contribution of our clients in the banking and financial services

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sector is due to the increase in the number of clients in banking and financial services sector and thus the workstations ordered from them during the years, as a result of our management’s intention to diversify our clients base.

Our sole client in the telecommunications sector is a major local telecommunications network operator in Malaysia. Our Group’s revenue generated from telecommunications sector therefore depends on the demand from this sole client, in the amount of approximately RM2.7 million, RM3.8 million and RM0.7 million, representing approximately 4.6%, 5.5% and 1.0% of the total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. The general decreasing trend in the contribution of this client in the telecommunications sector is due to the decrease in cross-selling of telecommunications monthly plan with our other clients in the insurance sector during the years.

Our clients in the sector relating to “Others” represent principally loyalty card companies to which we provide outbound contact services in their points redemption campaign. The general increasing trend in the amount and contribution of our clients in the “Others” category is mainly due to the increase in the number of clients in this sector and thus the workstations ordered from them during the years, as a result of our management’s intention to diversify our clients base.

There are two different pricing schemes for our outbound contact services offered to our clients, one is fixed fees and the other is performance-driven. For our fixed fees pricing model, we charge a flat rate for each workstation ordered per month plus associated telephone service provider charges. For our performance-driven pricing model, in general, fees we charged begin at a minimum amount before rising in tiered levels based on KPI levels mutually agreed prior to the launch of project. Our Group charges higher level of fees if we achieve client stated KPI levels. Pricing model is determined after negotiation with our clients. During the Track Record Period, there have been an increasing trend of revenue generated from and average monthly workstations ordered from the performance-driven pricing model.

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The table below shows the revenue, average monthly workstations ordered and average service fees generated from each workstation per month, for each of the pricing models and in each of the years ended 31 December 2014, 2015 and 2016.

	Year ended 31 December					
	2014		2015		2016	
Revenue generated from fixed fees pricing model (RM'000)	20,610	35.6%	18,959	27.5%	12,981	17.7%
Revenue generated from performance-driven pricing model (RM'000)	<u>37,330</u>	<u>64.4%</u>	<u>50,047</u>	<u>72.5%</u>	<u>60,180</u>	<u>82.3%</u>
Total revenue (RM'000)	<u>57,939</u>	<u>100.0%</u>	<u>69,005</u>	<u>100.0%</u>	<u>73,161</u>	<u>100.0%</u>
Average monthly workstations ordered of fixed fees pricing model	263	33.2%	259	27.6%	162	15.9%
Average monthly workstations ordered of performance-driven pricing model	<u>530</u>	<u>66.8%</u>	<u>680</u>	<u>72.4%</u>	<u>860</u>	<u>84.1%</u>
Total average monthly workstations ordered	<u>793</u>	<u>100.0%</u>	<u>939</u>	<u>100.0%</u>	<u>1,022</u>	<u>100.0%</u>
Average monthly service fees generated from each workstation for the fixed fees pricing model (RM)	6,519		6,104		6,675	
Average monthly service fees generated from each workstation for the performance-driven pricing model (RM)	5,874		6,135		5,834	
Average monthly service fees generated from each workstation (RM)	6,088		6,127		5,967	

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Other income and gains

Our other income and gains amounted to approximately RM0.5 million, RM0.6 million and RM0.8 million, respectively for the years ended 31 December 2014, 2015 and 2016.

The following table sets out the breakdown of our Group’s other income and gains by nature during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RM’000	%	RM’000	%	RM’000	%
Rental income	389	80.9	440	68.4	601	72.1
Gain on disposal of subsidiaries	—	—	—	—	77	9.2
Gain on disposals of property, plant and equipment	75	15.6	—	—	3	0.3
Interest income	17	3.5	20	3.1	28	3.4
Others	—	—	183	28.5	125	15.0
	<u>481</u>	<u>100</u>	<u>643</u>	<u>100</u>	<u>834</u>	<u>100</u>

The most significant component of our other income and gains is our rental income representing the rent we received for subleasing our contact centres to the database owners we cooperate with. Our rental income represents approximately 80.9%, 68.4%, and 72.1% of our other income and gains for the years ended 31 December 2014, 2015 and 2016, respectively.

Gain on disposal of subsidiaries represents the gain derived from the disposal of UTS Global. The disposal was legally and duly settled and completed during the year ended 31 December 2016.

Gains on disposals of property, plant and equipment represents our Group’s disposal of motor vehicles in the years ended 31 December 2014 and 2016. The aforesaid disposal, were completed in the years ended 31 December 2014 and 2016, respectively and recognised a gain of approximately RM75,000 and RM3,000, respectively.

The interest income represents bank interest income from our bank deposits.

The other income and gains relating to the “Others” category principally represents the income generated from written back of the deposits for the access cards of our resigned staff.

Staff costs

The staff costs represent the expenses we paid to our staff. As at the Latest Practicable Date, our Group employed approximately 1,542 staff. For the years ended 31 December 2014, 2015 and 2016, our Group’s staff costs amounted to approximately RM33.5 million, RM40.3 million and RM44.8 million respectively.

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The following table sets out the breakdown of our staff costs by nature during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Basic salaries	23,531	70.2	27,694	68.7	30,981	69.2
Allowances, bonuses and commissions	6,055	18.0	7,841	19.4	8,413	18.8
Retirement benefits scheme contribution	3,555	10.6	4,315	10.7	4,854	10.8
Social insurance contribution	394	1.2	476	1.2	547	1.2
	<u>33,535</u>	<u>100</u>	<u>40,326</u>	<u>100</u>	<u>44,795</u>	<u>100</u>

Basic salaries represent the fixed salaries paid to our staff while allowances, bonuses and commissions represent medical benefits, and other allowances and benefits, discretionary bonuses and performance-linked commission we paid to our staff.

Retirement benefits scheme contribution and social insurance contribution represent contributions we made in accordance with relevant statutory requirements.

Depreciation

Our Group recorded depreciation charges of approximately RM1.9 million, RM1.5 million and RM[REDACTED] million for the years ended 31 December 2014, 2015 and 2016, respectively for leasehold improvements of our rented premises, computer and office equipment, telecommunication equipment and motor vehicles.

Other operating expenses

The following table sets out the breakdown of our Group's other operating expenses by nature during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Rental expenses	2,145	26.4	2,362	27.0	2,590	19.5
Telephone and internet expenses	1,223	15.1	1,359	15.5	2,416	18.2
Commission expenses	1,280	15.8	1,995	22.8	1,983	14.9
Campaign expenses	445	5.5	199	2.3	123	1.0
Referral fees	392	4.8	426	4.9	329	2.5
Water, electricity & utilities	475	5.9	466	5.3	505	3.8
Entertainment and travelling expenses	718	8.9	332	3.8	230	1.7
[REDACTED]	—	—	—	—	3,470	26.1
Others	<u>1,432</u>	<u>17.6</u>	<u>1,616</u>	<u>18.4</u>	<u>1,645</u>	<u>12.3</u>
	<u>8,110</u>	<u>100</u>	<u>8,755</u>	<u>100</u>	<u>13,291</u>	<u>100</u>

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Our other operating expenses consist primarily of rental expenses, telephone and internet expenses commission expenses, campaign expenses and referral fees. Others consists primarily of database fees, consultancy fees, repair and maintenance expenses and expenses incurred for the upkeep of office.

Rental expenses

Rental expenses primarily represent the rent we paid for our leased contact centres and offices. The rent of the leased properties are primarily calculated based on floor area. Our rental expenses was approximately RM2.1 million, RM2.4 million and RM2.6 million for the years ended 31 December 2014, 2015 and 2016, respectively.

Telephone and internet expenses

Telephone and internet expenses primarily represent the net fees we paid to the third party telecommunication operators for the telephone lines, data line and broadband services. We were reimbursed from certain of our clients in relation to telephone and internet expenses. Our telephone and internet expenses was approximately RM[REDACTED] million, RM[REDACTED] million and RM2.4 million for the years ended 31 December 2014, 2015 and 2016, respectively.

Commission expenses

Commission expenses represent the commission paid to employees of one of our database owners. Our commission expenses was approximately RM[REDACTED] million, RM2.0 million and RM2.0 million, for the years ended 31 December 2014, 2015 and 2016 respectively.

Campaign expenses

Campaign expenses represent non-cash incentives given to our telemarketing sales representatives in the form of team building activities. Our campaign expenses was approximately RM445,000, RM199,000 and RM123,000 for the years ended 31 December 2014, 2015, and 2016, respectively.

Referral fees

Referral fees represent cash incentives paid to our existing employees for referral of new staff to our Group. Our referral fees was approximately RM392,000, RM426,000 and RM329,000, for the years ended 31 December 2014, 2015, and 2016 respectively.

[REDACTED]

[REDACTED] represent the professional and consultancy fees incurred by us as a result of the preparation for the Listing. For the year ended 31 December 2016, we incurred listing expenses of approximately RM3.5 million. For further details, please refer to the paragraph headed “Listing Expenses” in this section.

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Finance costs

Finance costs mainly represent the interest expenses on our Group’s finance lease and bank overdraft. Our Group recorded finance costs of approximately RM55,000, RM51,000 and RM248,000 for the years ended 31 December 2014, 2015 and 2016 respectively.

Income tax expense

Malaysian income tax is calculated at the statutory tax rates of 25%, 25% and 24% on the estimated taxable profits for the years ended 31 December 2014, 2015 and 2016, respectively. Certain subsidiaries incorporated in Malaysia enjoy tax rates of 20%, 20% and 19% on the first RM500,000 and remaining balance of the estimated taxable profit at tax rates of 25%, 25% and 24% for the years ended 31 December 2014, 2015 and 2016, respectively.

A subsidiary of our Group, TRSB, obtained the pioneer certificate from the Malaysian Investment Development Authority in 2011 and is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2010 to 9 February 2015. Such tax exemption was renewed in 2015 and accordingly TRSB. is entitled to tax exemption of its statutory income for a period of 5 years from 10 February 2015 to 9 February 2020.

The following table sets out the breakdown of our income tax (credit)/expense during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Current tax — Malaysia Income Tax			
Provision for the year	—	—	—
(Over)/under-provision in prior years	(12)	3	3
	(12)	3	3
Deferred tax	(65)	—	—
	(77)	3	3

No provision of Hong Kong and Indonesia profits tax has been made during the Track Record Period as our Group did not generate any assessable profits arising in Hong Kong and Indonesia.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, accordingly, is exempted from the payment of any income tax in the Cayman Islands. For our subsidiaries incorporated in the BVI, they are incorporated as BVI business companies under the BVI Business Companies Act and, accordingly, are exempted from the payment of any income tax in the BVI.

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Our Directors have confirmed that we have made all required tax filings in all relevant jurisdictions and paid all tax liabilities that have become due. We were not subject to any dispute or potential dispute with any tax authorities during the Track Record Period and up to the Latest Practicable Date.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased by approximately RM4.2 million or 6.0% from approximately RM69.0 million for the year ended 31 December 2015 to RM73.2 million for the year ended 31 December 2016. The increase in our revenue was attributable to the increase in the number of clients and workstations ordered by our clients. Benefited from the increased demand of our service and the growth of business from the new and existing clients, particularly for the increase in the number of clients being loyalty card companies, in the “others” industry sector, the average number of workstations ordered per month increased from approximately 939 for the year ended 31 December 2015 to approximately 1,022 for the year ended 31 December 2016. The revenue generated per workstation per month remained relatively stable for the years ended 31 December 2015 and 2016, which was approximately RM6,127 and RM5,967, respectively.

Other income and gains

Our other income and gains increased by approximately RM191,000 or 29.7% from approximately RM643,000 for the year ended 31 December 2015 to approximately RM834,000 for the year ended 31 December 2016. The increase in our other income and gains was primarily attributable to (i) the increase in rental income mainly due to the increase in the space occupied by the database owners we cooperated with during the year; and (ii) the gain on disposal of UTS Global recognized during the year ended 31 December 2016.

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Staff costs

The following table sets out the breakdown of the staff costs of our Group for the years ended 31 December 2015 and 2016 respectively:

	Year ended 31 December					
	2015			2016		
	Average staff costs per employee per month RM'000	Monthly average number of employees RM		Average staff costs per employee per month RM	Monthly average number of employees	
Telemarketing sales representatives	22,171	2,057	898	22,112	2,106	875
Supervisory and supportive employees	18,155	4,834	313	22,683	4,899	386
	<u>40,326</u>	<u>2,775</u>	<u>1,211</u>	<u>44,795</u>	<u>2,961</u>	<u>1,261</u>

Telemarketing sales representatives

Staff costs for telemarketing sales representatives remained relatively stable of approximately RM22.2 million for the year ended 31 December 2015 and approximately RM22.1 million for the year ended 31 December 2016. This was mainly due to the increase in the average staff costs per staff per month of RM2,057 for the year ended 31 December 2015 to RM2,106 for the year ended 31 December 2016, offset by the decrease in the number of staff from a monthly average of 898 for the year ended 31 December 2015 to a monthly average of 875 for the year ended 31 December 2016.

Supervisory and supportive employees

The staff costs for supervisory and supportive employees increased by approximately RM4.5 million or approximately 24.9% from approximately RM18.2 million for the year ended 31 December 2015 to approximately RM22.7 million for the year ended 31 December 2016. The increase in the staff costs for supervisory and supportive employees was mainly due to the increase in the number of staff from a monthly average of 313 for the year ended 31 December 2015 to a monthly average of 386 for the year ended 31 December 2016.

Depreciation

The depreciation charges decreased by approximately RM0.2 million or approximately 9.3% from approximately RM1.5 million for the year ended 31 December 2015 to approximately RM[REDACTED] million for the year ended 31 December 2016. The decrease in the depreciation charges for the year ended 31 December 2016 was due to the increase in amount of fully depreciated property, plant and equipment during the year.

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Other operating expenses

Other operating expenses increased by approximately RM4.5 million or approximately 51.8% from approximately RM8.8 million for the year ended 31 December 2015 to approximately RM13.3 million for the year ended 31 December 2016, which was mainly due to the increase in (i) listing expenses; and (ii) telephone and internet expenses during the year.

[REDACTED] represent the professional and consultancy fees incurred by us as a result of the preparation for the Listing. [REDACTED] increased from nil for the year ended 31 December 2015 to approximately RM3.5 million for the year ended 31 December 2016.

Telephone and internet expenses increased by approximately RM1.1 million or approximately 77.8% from approximately RM[REDACTED] million for the year ended 31 December 2015 to approximately RM2.4 million for the year ended 31 December 2016. Such increase was primarily due to (i) the substantial decrease in reimbursement from clients in relation to our telephone and internet expenses attributable to the ending of projects with clients of such reimbursement arrangement during the year; and (ii) in line with the increase in the amount of services provided by our Group during the year.

Finance costs

Our Group recorded finance costs of approximately RM51,000 and RM248,000 for the years ended 31 December 2015 and 2016, respectively. The increase in finance costs by approximately RM197,000 for the year ended 31 December 2016 as compared to 2015 was mainly due to the increase in bank overdraft interests partially offset by the decrease in finance lease charges for the year ended 31 December 2016. Such increase in the amount of bank overdraft was mainly used to fund our listing expenses incurred for the year ended 31 December 2016.

Income tax expenses

The income tax expenses were approximately RM3,000 for each of the years ended 31 December 2015 and 2016, respectively. The minimal amount of income tax expenses was mainly due to the tax exemption entitled by TRSB, a subsidiary of our Group, of its statutory income.

Net profit and net profit margin for the year

As a result of the foregoing, our Group recorded a net profit of approximately RM19.0 million for the year ended 31 December 2015 when compared to a net profit of approximately RM14.3 million for the year ended 31 December 2016, representing a decrease in net profit of approximately RM4.7 million or approximately 24.8% as compared to 2015.

Our Group's net profit margin was approximately 27.6% and 19.6% for the years ended 31 December 2015 and 2016, respectively. The decrease in net profit margin by 8.0% was mainly due to the increase in other operating expenses as a result of the listing expenses incurred for the preparation for the Listing during the year.

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Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue

Our revenue increased by approximately RM11.1 million or 19.1% from approximately RM57.9 million for the year ended 31 December 2014 to approximately RM69.0 million for the year ended 31 December 2015. The increase in our revenue was attributable to the increase in our number of clients and workstations ordered by our clients. Benefited from the increased demand of our service and the growth of business from the new and existing clients, particularly for the banking and financial services industry, the average number of workstations ordered per month was approximately 793 and 939 for the years ended 31 December 2014 and 2015, respectively. The revenue generated per workstation per month remained relatively stable during the years, which was approximately RM6,088 and RM6,127 for the years ended 31 December 2014 and 2015, respectively.

Other income and gains

Our other income and gains increased by approximately RM162,000 or 33.7% from approximately RM481,000 for the year ended 31 December 2014 to RM643,000 for the year ended 31 December 2015. The increase in our other income and gains was primarily attributable to (i) the increase in rental income by approximately RM51,000 due to additional premises being subleased to database owners during the year; and (ii) the increase in others by approximately RM183,000 mainly as a result of the income generated from written back of the deposits for the access cards of our resigned staff.

Staff costs

The following table sets out the breakdown of the staff costs of our Group by functions for the years ended 31 December 2014 and 2015 respectively:

	Year ended 31 December					
	2014			2015		
	Total staff costs RM'000	Average staff costs per employee per month RM	Monthly average number of employees	Total staff costs RM'000	Average staff costs per employee per month RM	Monthly average number of employees
Telemarketing sales representatives	18,993	2,165	731	22,171	2,057	898
Supervisory and supportive employees	14,542	3,986	304	18,155	4,834	313
	<u>33,535</u>	<u>2,700</u>	<u>1,035</u>	<u>40,326</u>	<u>2,775</u>	<u>1,211</u>

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Telemarketing sales representatives

Staff costs for telemarketing sales representatives increased by approximately RM3.2 million or approximately 16.7% from approximately RM19.0 million for the year ended 31 December 2014 to approximately RM22.2 million for the year ended 31 December 2015. The increase in staff costs of the telemarketing sales representatives was mainly due to the increase in the number of telemarketing sales representatives from a monthly average of 731 for the year ended 31 December 2014 to 898 for the year ended 31 December 2015.

Supervisory and supportive employees

The staff costs for supervisory and supportive employees increased by approximately RM3.7 million or approximately 24.8% from approximately RM14.5 million for the year ended 31 December 2014 to approximately RM18.2 million for the year ended 31 December 2015. The increase in the staff costs for supervisory and supportive employees was mainly due to the increase in the average staff costs per staff per month of RM3,986 for the year ended 31 December 2014 to RM4,834 for the year ended 31 December 2015.

Depreciation

The depreciation charges decreased by approximately RM0.4 million or approximately 21.6% from approximately RM1.9 million for the year ended 31 December 2014 to approximately RM1.5 million for the year ended 31 December 2015. The decrease in the depreciation charges for the year ended 31 December 2015 was due to the increase in amount of fully depreciated property, plant and equipment during the year.

Other operating expenses

Other operating expenses increased by approximately RM0.7 million or approximately 8.0% from approximately RM8.1 million for the year ended 31 December 2014 to approximately RM8.8 million for the year ended 31 December 2015, which was mainly due to the increase in commission expenses, partially offset by the decrease in campaign expenses.

Commission expenses increased by approximately RM0.7 million or approximately 55.9% from approximately RM[REDACTED] million for the year ended 31 December 2014 to approximately RM2.0 million for the year ended 31 December 2015. Such increase was primarily due to an increase in the amount of commission paid to the employees of one of our database owners as a result of the increased productivity of the employees.

Campaign expenses decreased by approximately RM246,000 or approximately 55.3% from approximately RM445,000 for the year ended 31 December 2014 to approximately RM199,000 for the year ended 31 December 2015. Such decrease was primarily due to the increase in cash incentives paid to staff in terms of commission and thus result in a decrease in expenses spent on other non-cash incentives.

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Finance costs

Our finance costs remained relatively stable at approximately RM55,000 and RM51,000 for the years ended 31 December 2014 and 2015, respectively.

Income tax expenses

The income tax expenses increased by approximately RM80,000 from an income tax credit of approximately RM77,000 for the year ended 31 December 2014 to an income tax expense of approximately RM3,000 for the year ended 31 December 2015. This was mainly due to the deferred tax liabilities recognised by our Group during the year ended 31 December 2014.

Net profit and net profit margin for the year

As a result of the foregoing, our Group recorded a net profit of approximately RM19.0 million for the year ended 31 December 2015 when compared to a net profit of approximately RM14.9 million for the year ended 31 December 2014, representing an increase in net profit of approximately RM4.1 million or approximately 27.7% as compared to the same period in 2014.

Our Group’s net profit margin was approximately 25.7% and 27.6% for the years ended 31 December 2014 and 2015, respectively. The net profit margin increased by 1.9% from the year ended 31 December 2014 to the year ended 31 December 2015, which was mainly due to the relatively smaller increase in our other operating expenses as compared to the increase in our revenue, as a result of our cost control measures for the year ended 31 December 2015.

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SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	<u>3,921</u>	<u>2,841</u>	<u>2,823</u>
Current assets			
Trade receivables	12,143	14,819	15,425
Other receivables	773	753	3,034
Tax recoverable	416	736	132
Pledged bank deposits	584	853	2,121
Bank and cash balances	<u>4,305</u>	<u>1,735</u>	<u>2,653</u>
	<u>18,221</u>	<u>18,896</u>	<u>23,365</u>
Current liabilities			
Accruals and other payables	8,050	5,203	4,877
Due to a director	41	—	—
Finance lease payables	193	201	163
Borrowings	<u>—</u>	<u>—</u>	<u>2,423</u>
	<u>8,284</u>	<u>5,404</u>	<u>7,463</u>
Net current assets	<u>9,937</u>	<u>13,492</u>	<u>15,902</u>
Total assets less current liabilities	<u>13,858</u>	<u>16,333</u>	<u>18,725</u>
Non-current liabilities			
Finance lease payables	<u>787</u>	<u>586</u>	<u>955</u>
	<u>787</u>	<u>586</u>	<u>955</u>
NET ASSETS	<u><u>13,071</u></u>	<u><u>15,747</u></u>	<u><u>17,770</u></u>
Capital and reserves			
Share capital	250	250	250
Reserves	<u>12,824</u>	<u>15,518</u>	<u>17,520</u>
Equity attributable to owners of the Company	13,074	15,768	17,770
Non-controlling interests	<u>(3)</u>	<u>(21)</u>	<u>—</u>
TOTAL EQUITY	<u><u>13,071</u></u>	<u><u>15,747</u></u>	<u><u>17,770</u></u>

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DESCRIPTION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our property, plant and equipment mainly consist of leasehold improvements, computer and office equipment, telecommunication equipment and motor vehicles.

The carrying amount of our property, plant and equipment was approximately RM3.9 million and approximately RM2.8 million as at 31 December 2014 and 2015 respectively, and such decrease was mainly due to (i) the depreciation charge; and (ii) disposal of certain equipment during the year.

The carrying amount of our property, plant and equipment was approximately RM2.8 million as at each of 31 December 2015 and 2016 respectively, and was mainly due to the addition of certain equipment and motor vehicles for the year ended 31 December 2016, partially offset by the depreciation charges for the year.

Trade receivables

Our trade receivables represent amount of receivables from clients for our services performed in the ordinary course of business.

During the Track Record Period, our clients were generally granted credit terms of up to 30 days upon issuance of invoice and the balances were mainly settled by on-line payment, cheque or telegraphic transfer to us.

The ageing analysis of the trade receivables based on invoice date as at the date indicated is shown below:

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
0 to 30 days	5,696	6,954	8,738
31 to 60 days	4,663	6,114	5,826
61 to 90 days	1,718	1,308	648
Over 90 days	<u>66</u>	<u>443</u>	<u>213</u>
	<u>12,143</u>	<u>14,819</u>	<u>15,425</u>

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The following table sets out the turnover days for our trade receivables during the Track Record Period.

	Year ended 31 December		
	2014	2015	2016
Average trade receivables turnover days (<i>note</i>)	<u>71</u>	<u>71</u>	<u>75</u>

Note: Average trade receivables turnover day equals to the average balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Average balance of trade receivables is calculated as the sum of beginning balance and ending balance for the relevant year divided by two.

Average trade receivables turnover days for the years ended 31 December 2014, 2015 and 2016 were approximately 71 days, 71 days and 75 days respectively. Our average trade receivables turnover days remained relatively stable at approximately 71 days for the years ended 31 December 2014 and 2015 and increased to 75 days for the year ended 31 December 2016. The increase was mainly due to the implementation of the Goods and Services Tax in Malaysia since 1 April 2015. The trade receivables balances as at 31 December 2015 and 2016 included the Goods and Services Tax of 6% while the revenue recognised during the period did not include the respective amount for such Goods and Services Tax. Thus, the average trade receivables for the year ended 31 December 2016 increased accordingly.

The trade receivables turnover days during the Track Record Period were longer than the average credit terms of 30 days granted to our clients because (i) some of our clients exhibited a slower payment pattern as they normally settled the bills in accordance with their own settlement pattern; and (ii) the lag time between our invoice date and the delivery date of invoice to our clients. According to our Group’s billing policy, our Group usually issues invoice to our clients on a monthly basis for those services our Group rendered in the immediately preceding month and such invoice is usually dated on the last day of that month. Before the invoice is delivered to the client, the finance department of our Group will verify the calculation of the billing against the relevant contract and reports and confirm the billing amount with other relevant departments of our Group. Such internal process usually takes around 15 working days. Therefore, the invoices are usually delivered to our clients until around 15 working days after the end of each month. Since our Group’s credit terms granted to our clients are based on the invoice date instead of the date on which the invoice is actually delivered to our clients, we have from time to time experienced delayed settlement from our clients partly due to the time gap between the invoice date and the actual delivery date.

As at 30 April 2017 (based on our Group’s management accounts), approximately RM15.1 million, representing approximately 97.9% of the trade receivable balances as at 31 December 2016, including the trade receivable balances that are over 90 days past due amounting to approximately RM0.2 million as at 31 December 2016, had been subsequently settled. Having considered, among others, the credit history and the financial condition of the respective clients individually, our Directors consider that these outstanding trade receivable balances as at 31 December 2016 are still recoverable and no provision has been made.

Our policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgments and estimates. The estimate is based on the evaluation of collectability and ageing analysis of the receivables with factors including the current creditworthiness and the collection history of each client. Provisions are applied to the

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receivables when there are events or changes in circumstances indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. During the Track Record Period, we did not experience any material difficulty in collecting payment from our clients and no provision has been made.

Other receivables

Our other receivables mainly include rental and utilities deposits, prepayments of finance lease and listing expenses and other receivables.

Our other receivables remained relatively stable at approximately RM0.8 million as at 31 December 2014 and 2015, respectively. Our other receivables increased to approximately RM3.0 million as at 31 December 2016 mainly due to the prepayments of listing expenses. The table below shows the breakdown of our other receivables as at the dates indicated below.

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Deposits	706	733	756
Prepayments	56	10	2,270
Others	11	10	8
	<u>773</u>	<u>753</u>	<u>3,034</u>

Our deposits mainly represent rental and utilities deposits. The general increasing trend in the amount of our deposits was mainly due to the increase in rental deposit for the renewal of our leased premises.

Our prepayments mainly represent prepayments of certain our finance lease obligations and listing expenses. Our prepayments decreased from approximately RM56,000 as at 31 December 2014 to approximately RM10,000 as at 31 December 2015 mainly because we prepaid less rental expenses at the end of the year as compared to the previous year. As at 31 December 2016, our prepayments increased to approximately RM2.3 million which was primarily due to prepayment of listing expenses.

Tax recoverable

For Malaysian income tax, an estimated tax payable for a year of assessment must be furnished to the local tax authorities before the beginning of the basis period. Tax is then generally payable by 12 equal monthly instalments during the year of assessment. Tax recoverable represents the tax receivable being the net of total tax paid for the estimated tax payable and the actual tax payable for the year.

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Pledged bank deposits

Pledged bank deposits represent deposits pledged to banks to secure our banking facilities. The balance of pledged bank deposits increased from approximately RM584,000 as at 31 December 2014 to approximately RM853,000 as at 31 December 2015, mainly due to the bank facility obtained by the Group required increasing amount of pledged bank deposits each month. The pledged bank deposits increased to approximately RM2.1 million as at 31 December 2016 which was mainly due to more deposits pledged to secure higher credit limit granted by the creditors.

The effective interest rates on pledged bank deposits bear fixed rate ranging from 3.15% to 3.4% per annum, from 3.15% to 3.3% per annum and from 2.80% to 3.30% per annum for the years ended 31 December 2014, 2015 and 2016 respectively.

Bank and cash balances

The bank and cash balances decreased by approximately RM2.6 million from approximately RM4.3 million as at 31 December 2014 to approximately RM1.7 million as at 31 December 2015 mainly because we had generated approximately RM14.7 million cash from operation during the year and used approximately RM0.7 million and approximately RM16.6 million for investing and financing activities, respectively.

The bank and cash balances increased by approximately RM1.0 million from approximately RM1.7 million as at 31 December 2015 to approximately RM2.7 million as at 31 December 2016 mainly because we had generated approximately RM13.0 million cash from operation during the year ended 31 December 2016 and used approximately RM[REDACTED] million and approximately RM13.1 million for investing and financing activities, respectively.

Accruals and other payables

Our accruals and other payables mainly represent the dividends payables, the accrued staff salaries and welfare, commission payables and other payables.

The table below shows a breakdown of our accruals and other payables as at dates indicated.

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Accruals	1,508	1,121	831
Commission payables	597	1,210	973
Salaries and welfare payables	1,869	2,096	2,394
Other tax payables	—	347	364
Dividends payables	3,528	—	—
Due to a non-controlling interests	10	10	—
Others	538	419	315
	<u>8,050</u>	<u>5,203</u>	<u>4,877</u>

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Our accruals and other payables decreased from approximately RM8.1 million as at 31 December 2014 to approximately RM5.2 million as at 31 December 2015 and was mainly due to the absence of dividends payables.

Our accruals and other payables decreased to approximately RM4.9 million as at 31 December 2016 and was mainly due to (i) the decrease in commission payables made to the employees of one of our database owners; and (ii) the decrease in accruals, which is partially offset by the increase in salaries and welfare payables.

Amount due to a director

The amount due to a Director, Mr. Ng Chee Wai, was approximately RM41,000, nil and nil as at 31 December 2014, 2015 and 2016, respectively.

Finance lease payables

Finance lease payables represent the obligations to pay for certain of our motor vehicles used in our operations under finance leases.

The table below shows the minimum lease payments for the lease term and the present value of the our lease obligations as at the dates indicated:

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Within one year	233	232	217
After one year but within two years	232	232	217
In the third to fifth years, inclusive	505	351	639
After five years	<u>123</u>	<u>45</u>	<u>227</u>
	1,093	860	1,300
Less: Future finance charges	<u>(113)</u>	<u>(73)</u>	<u>(182)</u>
Present value of lease obligations	<u><u>980</u></u>	<u><u>787</u></u>	<u><u>1,118</u></u>

The present value of the lease obligations decreased from approximately RM980,000 as at 31 December 2014 to approximately RM787,000 as at 31 December 2015, which was due to repayment of the lease obligations. The present value of the lease obligations increased to approximately RM1.1 million as at 31 December 2016, which was primarily due to the new finance lease obtained during the year.

The average remaining lease term was 6 years and 5 years and 7 years as at 31 December 2014, 2015 and 2016, respectively. For the years ended 31 December 2014, 2015 and 2016, the average effective borrowing rate was 5%, 5% and 5%, respectively. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All finance lease payables are denominated in Malaysian Ringgit.

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As at 31 December 2014 and 2015, the Group’s finance lease payables were secured by the lessor’s title to the leased assets and personal guarantees executed by Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, being our Directors. Such personal guarantees were released during the year ended 31 December 2016. As at 31 December 2016, the Group’s finance lease payables with carrying amount of approximately RM1.1 million are secured by the lessor’s title to the leased assets.

Borrowings

The following table sets out our Group’s borrowings as at the indicated dates:

	As at 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Bank overdrafts	—	—	2,423

Our Group’s borrowing as at 31 December 2014, 2015 and 2016 were bank overdrafts, repayable on demand. The carrying amounts of our borrowings are denominated in Malaysian Ringgit. As at 31 December 2014, 2015 and 2016, the Group’s average interest rates for the bank overdrafts are nil, nil and 8.60%, respectively. As at 31 December 2016, the Group’s bank overdrafts were secured by the personal guarantees executed jointly and severally by our Directors and pledged bank deposits. Such personal guarantees will be released upon Listing.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

Our sources of cash are primarily cash generated from operations. Our uses of cash are mainly on financing our operations, working capital requirements and capital expenditures on plant and equipment. Going forward, we do not expect any material changes to the underlying drivers of our sources of cash and use of cash, except for the net proceeds from the [REDACTED] which will be used according to the our use of proceeds plan as detailed in the section headed “Future Plans and Use of Proceed” in this document.

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Cash flows

The following table is a summary of our Group’s consolidated statement of cash flows for the years indicated:

	Year ended 31 December		
	2014	2015	2016
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Net cash generated from operating activities	14,462	14,670	13,037
Net cash used in investing activities	(350)	(650)	(1,417)
Net cash used in financial activities	(13,970)	(16,590)	(13,125)
Net increase/(decrease) in cash and cash equivalents	142	(2,570)	(1,505)
Cash and cash equivalents at beginning of year	4,163	4,305	1,735
Cash and cash equivalents at end of year	<u>4,305</u>	<u>1,735</u>	<u>230</u>

Cash flow from operating activities

During the Track Record Period, we derived our cash inflow from operating activities principally from the receipts of revenue generated from our services income. Our cash outflow used in operating activities was principally for payment of staff costs and rents.

For the year ended 31 December 2016, we recorded net cash inflow from operating activities of approximately RM13.0 million which was primarily contributed by operating profit before working capital changes of approximately RM15.7 million, which was adjusted for net working capital outflow of approximately RM3.0 million; and was offset by income taxes refunded in the amount of approximately RM0.6 million. The net working capital outflow was mainly due to (i) the increase in other receivables in the amount of approximately RM2.3 million; (ii) the increase in trade receivables in the amount of approximately RM0.6 million; and (iii) the decrease in accruals and other payables of approximately RM0.1 million.

For the year ended 31 December 2015, we recorded net cash inflow from operating activities of approximately RM14.7 million. The cash inflow was mainly the result of operating profit before working capital changes of approximately RM20.4 million, which was adjusted for net working capital outflow of approximately RM5.4 million; and was offset by income taxes paid in the amount of approximately RM0.3 million. The net working capital outflow was mainly due to (i) the decrease in accruals and other payables in the amount of approximately RM2.7 million as a result of the absence of dividends payables; and (ii) the increase in trade receivables in the amount of approximately RM2.7 million which is in line with the increase in revenue.

For the year ended 31 December 2014, we recorded net cash inflow from operating activities of approximately RM14.5 million. The cash inflow was mainly the result of operating profit before working capital changes of approximately RM16.7 million, which was adjusted for net working capital outflow of approximately RM1.9 million; and was offset by income taxes paid in the amount of approximately RM0.2 million. The net working capital outflow was mainly due to (i) the increase in trade receivables in the amount of approximately RM1.6 million; and (ii) the decrease in accruals and other payables in the amount of approximately RM0.3 million as a result of the decrease in the dividends payables.

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Cash flow from investing activities

During the Track Record Period, we derived our cash inflow from investing activities primarily from interest income and proceeds from the disposal of property, plant and equipment. Our cash outflow from investing activities is primarily for the increase in pledged bank deposits and the acquisition of property, plant and equipment.

Net cash used in investing activities was approximately RM[REDACTED] million for the year ended 31 December 2016. This was primarily due to (i) the acquisition of property, plant and equipment of approximately RM0.6 million; and (ii) the increase in pledged bank deposit of approximately RM[REDACTED] million.

Net cash used in investing activities was approximately RM650,000 for the year ended 31 December 2015. This was primarily due to (i) the acquisition of property, plant and equipment of approximately RM401,000; and (ii) the increase in pledged bank deposit of approximately RM269,000. This was partially offset by interest income of approximately RM20,000.

Net cash used in investing activities was approximately RM350,000 for the year ended 31 December 2014. This was primarily due to (i) the acquisition of property, plant and equipment of approximately RM405,000 and (ii) increase in pledged bank deposit of approximately RM37,000. This was partially offset by interest income of approximately RM17,000 and proceeds from the disposal of property, plant and equipment of approximately RM75,000.

Cash flow from financing activities

During the Track Record Period, our cash outflow from financing activities was principally due to repayment of finance lease payment and payment of dividend.

For the year ended 31 December 2016, we recorded net cash used in financing activities of approximately RM13.1 million. The cash outflow mainly represented the payment of dividends of approximately RM12.3 million and repayment of finance lease liabilities of approximately RM0.8 million.

For the year ended 31 December 2015, we recorded net cash used in financing activities of approximately RM16.6 million. The cash outflow mainly represented the payment of dividends of approximately RM16.4 million and repayment of finance lease liabilities of approximately RM0.2 million.

For the year ended 31 December 2014, we recorded net cash used in financing activities of approximately RM14.0 million. The cash outflow mainly represented (i) the payment of dividends of approximately RM13.6 million; (ii) repayment of due to a director of approximately RM0.1 million; and (iii) repayment of finance lease liabilities of approximately RM0.2 million.

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NET CURRENT ASSETS

During the Track Record Period, our current assets consisted primarily of trade receivables and bank and cash balances. During the Track Record Period, our current liabilities consisted primarily of accruals and other payables. As at 31 December 2014, 2015 and 2016 and 30 April 2017, our Group had net current assets of approximately RM9.9 million, RM13.5 million, RM15.9 million and RM17.8 million, respectively.

The following tables sets out the breakdown of our net current assets as at the dates indicated:

	As at 31 December			As at
	2014	2015	2016	30 April
	RM'000	RM'000	RM'000	2017
				RM'000
				(unaudited)
Current assets				
Trade receivables	12,143	14,819	15,425	18,243
Other receivables	773	753	3,034	4,443
Tax recoverable	416	736	132	164
Pledged bank deposits	584	853	2,121	2,241
Bank and cash balances	<u>4,305</u>	<u>1,735</u>	<u>2,653</u>	<u>1,785</u>
	<u>18,221</u>	<u>18,896</u>	<u>23,365</u>	<u>26,876</u>
Current liabilities				
Accruals and other payables	8,050	5,203	4,877	6,355
Amount due to a director	41	—	—	—
Finance lease payables	193	201	163	165
Borrowings	<u>—</u>	<u>—</u>	<u>2,423</u>	<u>2,540</u>
	<u>8,284</u>	<u>5,404</u>	<u>7,463</u>	<u>9,060</u>
Net current assets	<u>9,937</u>	<u>13,492</u>	<u>15,902</u>	<u>17,816</u>

The current assets as at 31 December 2014 were primarily made up of trade receivables of approximately RM12.1 million, and bank and cash balances of approximately RM4.3 million. The current liabilities as at 31 December 2014 were primarily made up of accruals and other payables of approximately RM8.0 million.

Our net working capital further improved during the year ended 31 December 2015. We recorded net current assets of approximately RM13.5 million as at 31 December 2015, compared to approximately RM9.9 million as at 31 December 2014, comprising current assets of approximately RM18.9 million and current liabilities of approximately RM5.4 million. The current assets as at 31 December 2015 were

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primarily made up of trade receivables of approximately RM14.8 million, and bank and cash balances of approximately RM1.7 million. The current liabilities as at 31 December 2015 were primarily made up of accruals and other payables of approximately RM5.2 million.

As at 31 December 2016, we recorded net current assets of approximately RM15.9 million, comprising current assets of approximately RM23.4 million and current liabilities of approximately RM7.5 million. The current assets as at 31 December 2016 were primarily made up of trade receivables of approximately RM15.4 million, and bank and cash balances of approximately RM2.7 million. The current liabilities as at 31 December 2016 were primarily made up of borrowings of approximately RM2.4 million and accruals and other payables of approximately RM4.9 million.

As at 30 April 2017, we recorded net current assets of approximately RM17.8 million, comprising current assets of approximately RM26.9 million and current liabilities of approximately RM9.1 million. The current assets as at 30 April 2017 were primarily made up of trade and other receivables and pledged bank deposits. The current liabilities as at 30 April 2017 were primarily made up accruals and other payables and borrowings.

INDEBTEDNESS

The following table sets out our Group’s indebtedness as at the indicated dates:

	As at 31 December			As at
	2014	2015	2016	30 April
	RM’000	RM’000	RM’000	2017
				RM’000
				(unaudited)
Finance lease payables	980	787	1,118	1,065
Borrowings	—	—	2,423	2,540
	<u>980</u>	<u>787</u>	<u>3,541</u>	<u>3,605</u>

Our Group’s borrowings represent our bank overdrafts. The carrying amount of our Group’s borrowings are denominated in Malaysian Ringgit. As at 31 December 2014, 2015 and 2016, our average interest rates for the bank overdrafts were nil, nil and 8.60%, respectively. Our Group’s bank overdrafts were arranged at floating rates. As at 31 December 2016, our Group’s bank overdrafts were repayable on demand and secured by personal guarantees executed jointly and severally by our Directors and pledged bank deposits. Such personal guarantees will be released upon Listing.

For details of our finance lease payables, please refer to the paragraph headed “Finance lease payables” in this section.

At the close of business on 30 April 2017, being the latest practicable date on which such information was available to us, our Group had outstanding indebtedness of approximately RM3.6 million which comprised bank borrowings and finance lease payables of approximately RM2.5 million and RM1.1 million respectively. Our Group’s bank borrowings represent bank overdrafts.

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As at 30 April 2017, the carrying amounts of Group’s bank overdrafts of approximately RM2.5 million were denominated in Malaysian Ringgit and repayable on demand with interest rates arranged at a floating rate of 8.68% per annum. The bank overdrafts were secured by (i) personal guarantees executed jointly and severally by our Directors and (ii) pledged bank deposits of approximately RM2.2 million.

As at 30 April 2017, the carrying amount of Group’s finance lease payables of approximately RM1.1 million were denominated in Malaysian Ringgit. The effective interest rates for finance lease payables are ranging from 4.8% per annum to 5.3% per annum. As at 30 April 2017, the carrying amount of approximately RM1.1 million of finance lease payables were secured by motor vehicles with net carrying amount of approximately RM1.0 million.

As at 30 April 2017, the bank facilities granted to the Group was approximately RM5.0 million with unutilised bank facilities of approximately RM2.5 million.

The aforementioned personal guarantees executed by our Directors will be released upon Listing.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that they are not aware of any material defaults in payment of trade and non-trade payables and bank and other borrowings, any breach of any of the covenants contained in our banking facilities constituting any event of default nor aware of any restrictions that will limit our ability to drawdown on unutilised facilities. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

Except as disclosed in this paragraph headed “Indebtedness” in this section, our Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the Latest Practicable Date.

Our Directors confirm that there has not been any material change in our indebtedness as at the Latest Practicable Date.

As at the Latest Practicable Date, we did not have any plan for material external debt financing.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

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CAPITAL EXPENDITURES

The following table sets out the breakdown of our capital expenditures during the Track Record Period.

	Year ended 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Leasehold improvements	87	4	—
Computer and office equipment	185	344	308
Telecommunication equipment	118	53	52
Motor vehicles	<u>149</u>	<u>—</u>	<u>1,378</u>
	<u>539</u>	<u>401</u>	<u>1,738</u>

Our Group’s capital expenditures comprise expenditures on property, plant and equipment. The capital expenditures of approximately RM539,000, RM401,000 and RM1.7 million were incurred for the years ended 31 December 2014, 2015 and 2016, respectively. The increase in capital expenditure for the year ended 31 December 2016 was mainly due to the net increase in motor vehicles during the year.

COMMITMENTS

Capital Commitments

Our Group did not have capital commitments as at 31 December 2014, 2015 and 2016.

Operating lease commitment

Our Group’s contractual commitments are primarily related to the leases of our contact centre premises from landlord and the subleases of our office to database owners under operating lease arrangements.

The Group as lessee

As at 31 December 2014, 2015 and 2016, our Group’s total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Within one year	1,292	1,230	1,803
In the second to fifth years inclusive	<u>260</u>	<u>894</u>	<u>2,064</u>
	<u>1,552</u>	<u>2,124</u>	<u>3,867</u>

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Operating lease payments mainly represent rentals payable by our Group for certain of its contact centres and offices. As at 31 December 2014, 2015 and 2016, operating leases related to our contact centres and offices were with average lease term of 2 years, 2 years and 3 years respectively.

The Group as lessor

As at 31 December 2014, 2015 and 2016, our Group’s total future minimum lease receivables under non-cancellable operating leases are as follows:

	As at 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Within one year	<u>73</u>	<u>73</u>	<u>105</u>

OFF BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have any outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements during the Track Record Period. We do not engage in trading activities involving non-exchange traded contracts. In the course of our normal business, we did not, and do not expect to, enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

LISTING EXPENSES

The estimated listing expenses, which are non-recurring in nature, are approximately RM15.0 million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED])), of which RM9.5 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income as expenses and RM5.5 million is expected to be capitalised upon the Listing. For the years ended 31 December 2014, 2015 and 2016, listing expenses of nil, nil and approximately RM3.5 million was charged to our consolidated statement of profit or loss and other comprehensive income, respectively. The remaining listing expenses of approximately RM6.0 million is expected to be charged to our Group’s profit or loss and other comprehensive income for the year ending 2017. Our Directors would like to emphasise that the listing expenses above are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors consider that such listing expenses would, to certain extent, adversely affect our results of operations for the year ending 31 December 2017.

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WORKING CAPITAL

Bank facilities

At 31 December 2014, 2015 and 2016, the Group had available and unutilised facilities from banks amounting to approximately RM750,000, RM2,000,000 and RM2,577,000 respectively. These facilities are secured by:

- The Group’s pledged bank deposits of approximately RM584,000, RM853,000 and RM2,121,000 as at 31 December 2014, 2015 and 2016, respectively; and
- Personal guarantees executed jointly and severally by Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, our Directors, as at 31 December 2014, 2015 and 2016, respectively. Such personal guarantees will be released upon Listing.

As at 30 April 2017, the facilities granted to the Group from banks were approximately RM5.0 million with unutilised facilities of approximately RM2.5 million.

Certain of our banking facilities of our operating subsidiaries are subject to a number of restrictions, including but not limited to the requirement to provide notice or obtain consent for certain significant corporate events, such as change in shareholders or directors of the respective operating subsidiary. Save as disclosed, there is no material covenants relating to outstanding debts, guarantees or other contingent obligations.

Working Capital Sufficiency

Taking into account the financial resources available to our Group, including the internal generated funds and our available credit facilities, and the estimated net proceeds from the [REDACTED], our Directors confirm, and the Sole Sponsor concurs, that our working capital is sufficient for our present requirements, that is for at least the next 12 months from the date of this document. After due consideration and discussions with our Group’s management and based on the above, the Sole Sponsor has no reason to believe that our Group cannot meet the working capital requirements for the 12 months period from the date of this document.

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KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the years or as at the dates indicated:

	Year ended 31 December		
	2014	2015	2016
Profitability ratios			
Net profit margin (%)	25.7	27.6	19.6
Return on equity (%)	114.1	120.9	80.6
Return on total assets (%)	67.3	87.6	54.7
	As at 31 December		
	2014	2015	2016
Current ratio	2.2	3.5	3.1
Gearing ratio (%)	7.5	5.0	19.9

Please refer to the paragraph headed “Year to Year Comparison of Results of Operations” in the section for discussion of factors affecting net profit margin.

Return on equity

Return on equity is calculated by dividing the net profit for the year by total equity at the end of the respective year.

The decrease in our return on equity to approximately 80.6% from approximately 120.9% for the year ended 31 December 2015 was due to decrease in our net profit during the year and the increase in our reserves as at 31 December 2016.

The increase in our return on equity to approximately 120.9% for the year ended 31 December 2015 from approximately 114.1% for year ended 31 December 2014 was due to the increase in our net profit during the year, partially offset by the increase in our reserves as at 31 December 2015 as a result of the retained profits recorded for the year.

Return on total assets

Return on total assets is calculated by dividing the net profit for the year by total assets at the end of the respective year.

The fluctuations of our return on total assets during the Track Record Period were largely in line with the fluctuations of our net profit during the Track Record Period.

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Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial year.

Our current ratio increased from approximately 2.2 as at 31 December 2014 to approximately 3.5 as at 31 December 2015 primarily due to (i) the increase in our trade receivables; and (ii) the decrease in our dividends payables as at 31 December 2015. Our current ratio decreased to 3.1 as at 31 December 2016 primarily due to the increase in borrowings, representing our bank overdrafts, as at 31 December 2016.

Gearing Ratio

Gearing ratio is our total debt divided by total equity. Total debt includes finance lease payables and borrowings.

Our gearing ratio decreased from approximately 7.5% as at 31 December 2014 to approximately 5.0% as at 31 December 2015, which was mainly due to (i) the repayment of finance lease obligations; and (ii) the increase in our reserves as at 31 December 2015 as a result of the retained profits recorded for the years. The gearing ratio increased to approximately 19.9% as at 31 December 2016, which was mainly due to the increase in borrowings, representing our bank overdrafts, as at 31 December 2016. The increase in bank overdrafts was mainly due to the cash needs for listing expenses during the year.

DIVIDENDS

For the years ended 31 December 2014, 2015 and 2016, our Group declared dividends in aggregate amounts of approximately RM13.6 million, RM16.4 million and RM12.3 million, respectively. Subsequent to 31 December 2016, our Group declared interim dividends on 10 March 2017 and 3 April 2017 in an aggregate amount of RM5 million. All dividends declared were fully paid prior to the Latest Practicable Date and our Group financed the payment of these dividends by our internal resources.

We currently do not have any plans to distribute regular dividends immediately after the Listing, although this is subject to change. Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. We currently do not have any specific dividend policy.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 30 in the accountants’ report in Appendix I to this document, our Directors confirm that all these transactions were conducted on normal commercial terms and/or on arms length basis, and that their terms were fair, reasonable and in the interest of our Shareholders as a whole.

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DISTRIBUTABLE RESERVES

As at 31 December 2016, our Company’s distributable reserves were nil.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Our Group’s activities are exposed to a variety of financial risks which include credit risk, liquidity risk, interest rate risk and foreign currency risk, in the normal course of our business. For more details, please refer to Appendix I to this document.

Credit risk

Our Group’s credit risk is primarily attributable to its trade receivables, pledged bank deposits and bank and cash balances.

Our Group has significant concentration of credit risk with exposure spread over a small number of clients. As at 31 December 2014, 2015 and 2016, there were 3, 4 and 4 clients which individually contributed over 10% of the Group’s trade receivables respectively. The aggregate amounts of trade receivables from these clients amounted to approximately 48%, 61% and 52% of the Group’s total trade receivables as at 31 December 2014, 2015 and 2016 respectively. Our management reviews the recoverability of each trade receivables regularly to ensure that adequate impairment losses are recognized for irrecoverable debts. In this regard, our management considers that our Group’s credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank and cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

It is our Group’s policy to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements of our operations and to meet our financial obligations when they fall due. For details of the maturity analysis of our Group’s non-derivative financial liabilities, please refer to note 6 of the accountants’ report included in Appendix I to this document.

Our Group is exposed to minimal liquidity risk as a substantial portion of our financial assets and financial liabilities are due within one year and we can finance our operations from internally generated cash.

Interest rate risk

As at 31 December 2014, 2015 and 2016, our Group’s pledged bank deposits and finance lease payables bear interest at fixed interest rates and therefore are subject to fair value interest rate risk. Our Group’s exposure to cash flow interest rate risk arises from its borrowings. These borrowings bear interests at variable rates that varied with the then prevailing market condition. At 31 December 2014, 2015 and 2016, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, there is no significant change to the profit after tax for the year.

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Foreign currency risk

We have minimal exposure to foreign currency risk as most of our business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, Malaysian Ringgit. We currently do not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Our management monitors our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business operations have remained stable after the Track Record Period. The average number of workstations ordered by our clients increased from 1,022 per month for the year ended 31 December 2016 to 1,130 per month for the period of four months ended 30 April 2017. There had been no material fluctuation of the average monthly service fees generated per workstation for the four months ended 30 April 2017.

On 28 April 2017, the Group entered into a lease agreement to lease a property with an approximate gross floor area of 9,649 sq. ft. on level 9, Bangunan Bangunan KWSP, No.3, Changkat Raja Chulan, 50200, Kuala Lumpur with effect from 1 April 2017 as contact centre for our outbound contact services. Such new contact centre provides 276 workstations and has been in operation since May 2017.

Subsequent to 31 December 2016, our Group declared interim dividends on 10 March 2017 and 3 April 2017 in an aggregate amount of RM5 million. All dividends declared were fully paid prior to the Latest Practicable Date and our Group financed the payment of these dividends by our internal resources.

BNM has issued a supplementary notice (effective from 5 December 2016) which stipulates that a Malaysian resident exporter is only allowed to retain up to 25% of foreign currency proceeds from its exports of goods. The balance of foreign currency proceeds from the exports of goods shall be converted into RM with a licensed onshore bank. Our Directors expect that the new foreign exchange measures would not have any material adverse impact on our Group’s operation, dividend plans or tax position as (i) our Group is a service provider in Malaysia deriving all of our revenue from Malaysia in RM; (ii) our Malaysian subsidiaries, namely UTSM and TRSB are not involved in any export of products or services activities; and (iii) whilst our business operates in Malaysia, the foreign exchange administration rules of Malaysia do not extend any of its requirement to the parent entity incorporated outside its jurisdiction. As advised by our Malaysian Legal Advisers, save for requirement to remit dividends in foreign currency, the Company upon Listing is not subject to any other foreign exchange restrictions to distribute dividends from the Group’s Malaysian subsidiaries in Malaysia.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the listing expenses to be incurred as stated in the paragraphs headed “[REDACTED]” in this section, (i) there were no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position since 31 December 2016 and up to the date of this document; (ii) there was no material adverse change in the trading and financial position or

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prospects of our Group since 31 December 2016 and up to the date of this document; and (iii) no event had occurred since 31 December 2016 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the accountants’ report set out in Appendix I to this document.

[REDACTED]

Please see the section headed “[REDACTED]” included as Appendix II to this document for details.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as otherwise disclosed in this document, we confirm that, as at the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our Business Strategies” in this document for detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to be received by us from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range) will be approximately HK\$[REDACTED] million. We currently intend to apply such net proceeds in the following manner:

- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds for expanding our outbound contact service business by establishing two additional outbound contact centres in suitable locations in Kuala Lumpur, Malaysia with aggregate capacity of approximately 490 workstations for capturing additional outbound contact service demand from existing and potential clients, among which approximately HK\$[REDACTED] million for setting up the contact centres and approximately HK\$[REDACTED] million for hiring staff, paying rental and other related expenses;
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds for setting up an inbound contact centre in suitable locations in Kuala Lumpur, Malaysia with aggregate capacity of approximately 210 workstations in order to commence our business of provision of inbound contact services to existing clients and potential clients, among which approximately HK\$[REDACTED] million for setting up the inbound contact centre and approximately HK\$[REDACTED] million for recruitment of customers service agents and supporting personnel;
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds for upgrading and enhancing our information technology system and developing a comprehensive system for billing and reconciliation services; and
- approximately HK\$[REDACTED] million or approximately [REDACTED]% of the net proceeds will be used as general working capital of our Group.

If the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the net proceeds we receive from the [REDACTED] will increase by approximately HK\$[REDACTED] million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the net proceeds we receive from the [REDACTED] will decrease by approximately HK\$[REDACTED] million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds are not sufficient to fund the purposes as set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended use of proceeds to other business plans of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds of the [REDACTED] are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest bearing bank accounts with licensed banks and/or financial institutions.

REASONS FOR LISTING IN HONG KONG

We believe that the Listing represents an important step to implement our business strategies. Through the Listing, not only we can raise funds from the [REDACTED] and apply them to the above uses, we believe we will also be able to gain access to capital market for future secondary fund raising for our further expansion plans as and when necessary through the issuance of equity and/or debt securities, with relatively lower financing cost as compared with banking financing as can be obtained by a private company. Following the Listing, our Directors believe our Group will gain additional leverage in obtaining financing with relatively more favourable terms and higher bargaining power in negotiating terms with our business partners. In addition, our Directors also believe that clients may prefer to do business with a listed company given its reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. We also consider that the Listing, which itself is a form of complimentary advertising, will enhance our Group’s corporate profile, market reputation and brand awareness which will strengthen our clients’ confidence in our Group and in turn boost our business.

Our Company is applying for listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Therefore, our Company believes that there will be higher liquidity and valuation, and greater exposure to a broader analyst and investment community, which would facilitate our future fund raising should such need arise. Our Directors believe that the Listing would help to raise our Group’s brand awareness and publicity on an international level, making our Company’s services known to new potential local and international clients.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AND [REDACTED] INTEREST IN OUR COMPANY

Save for the interests and obligations under the [REDACTED], none of the [REDACTED] and the [REDACTED] is interested legally or beneficially in the shares of any of our Group’s members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this document, from the independent reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

22 June 2017

The Board of Directors
UTS Marketing Solutions Holdings Limited
CLC International Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) of UTS Marketing Solutions Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2016 (the “Relevant Periods”) for inclusion in the document dated 22 June 2017 issued by the Company (the “Document”).

The Company was incorporated as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands on 23 August 2016. Through a group reorganisation as more fully explained in the section headed “Reorganisation” in “History, Reorganisation and Corporate Structure” in this Document and in “Statutory and General Information” in Appendix IV to the Document (the “Reorganisation”), the Company has since 23 August 2016 become the holding company of the Group.

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As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out below:

Name	Place of incorporation/ establishment	Date of establishment	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing			Principal activities
				At 31 December 2014	2015	2016	
Directly held:							
UTS Marketing Solutions (BVI) Limited	British Virgin Islands	19 August 2016	USD100	N/A	N/A	N/A	Investment holding
Indirectly held:							
UTS Marketing Solutions Sdn. Bhd.	Malaysia	19 December 2007	RM250,000	100%	100%	100%	Provision of outbound marketing services of financial products and its related activities issued by authorised financial institutions, cards companies or organisation worldwide
Tele Response Sdn. Bhd.	Malaysia	16 January 2008	RM252,000	100%	100%	100%	Provision of workstations and its related services for promotion of financial products and its related activities issued by authorised financial institutions, cards companies or organisation worldwide
TCCW Marketing Services Sdn. Bhd. (Formerly known as “UTS Global Solutions Sdn. Bhd.”)	Malaysia	23 October 2009	RM100	90%	90%	N/A	Investment holding
PT. UTS Indonesia	Indonesia	11 September 2013	IDR3,294,900,000	90%	90%	N/A	Dormant

All the companies now comprising the Group have adopted 31 December as the financial year end date.

The statutory financial statements of UTS Marketing Solutions Sdn. Bhd., Tele Response Sdn. Bhd. and TCCW Marketing Services Sdn. Bhd. for the years ended 31 December 2014 and 2015 have been prepared in accordance with Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board and were audited by Mary Tan & Partners, Chartered Accountants in accordance with approved standards on auditing in Malaysia issued by the Malaysian Institute of Certified Public Accountants. The statutory financial statements of UTS Marketing Solutions Sdn. Bhd. and Tele Response Sdn. Bhd. for the year ended 31 December 2016 have been prepared in accordance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and were audited by RSM Malaysia in accordance with approved standards on auditing in Malaysia and International standards on Auditing.

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No audited financial statements of PT. UTS Indonesia has been prepared for the Relevant Periods as there is no statutory requirement in the country of its incorporation.

No audited financial statements have been prepared for the Company and UTS Marketing Solutions (BVI) Limited as they were newly incorporated and have not been involved in any significant business transactions except for the Reorganisation.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”).

We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

The Financial Information has been prepared from the Underlying Financial Statements in accordance with the basis of preparation set out in note 2 to the Financial Information. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Document.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements and the contents of the Document in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2 to the Financial Information, the Financial Information gives a true and fair view of the state of affairs of the Company as at 31 December 2016 and of the Group as at 31 December 2014, 2015 and 2016 and of the Group’s results and cash flows for the Relevant Periods.

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ACCOUNTANTS’ REPORT

FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		For the year ended 31 December		
		2014	2015	2016
	Note	RM’000	RM’000	RM’000
Revenue	7	57,939	69,005	73,161
Other income and gains	8	481	643	834
Staff costs		(33,535)	(40,326)	(44,795)
Depreciation		(1,888)	(1,481)	(1,343)
Other operating expenses		<u>(8,110)</u>	<u>(8,755)</u>	<u>(13,291)</u>
Profit from operations		14,887	19,086	14,566
Finance costs	10	<u>(55)</u>	<u>(51)</u>	<u>(248)</u>
Profit before tax		14,832	19,035	14,318
Income tax credit/(expense)	11	<u>77</u>	<u>(3)</u>	<u>(3)</u>
Profit and total comprehensive income for the year	12	<u><u>14,909</u></u>	<u><u>19,032</u></u>	<u><u>14,315</u></u>
Profit and total comprehensive income attributable to:				
Owners of the Company		14,945	19,050	14,302
Non-controlling interests		<u>(36)</u>	<u>(18)</u>	<u>13</u>
		<u><u>14,909</u></u>	<u><u>19,032</u></u>	<u><u>14,315</u></u>
Dividends	14	<u><u>13,584</u></u>	<u><u>16,356</u></u>	<u><u>17,300</u></u>
Earnings per share				
Basic and diluted	15	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

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ACCOUNTANTS’ REPORT

Consolidated Statements of Financial Position

		At 31 December		
		2014	2015	2016
	Note	RM’000	RM’000	RM’000
Non-current assets				
Property, plant and equipment	16	<u>3,921</u>	<u>2,841</u>	<u>2,823</u>
Current assets				
Trade receivables	17	12,143	14,819	15,425
Other receivables	18	773	753	3,034
Tax recoverable		416	736	132
Pledged bank deposits	19	584	853	2,121
Bank and cash balances	19	<u>4,305</u>	<u>1,735</u>	<u>2,653</u>
		<u>18,221</u>	<u>18,896</u>	<u>23,365</u>
Current liabilities				
Accruals and other payables	20	8,050	5,203	4,877
Due to a director	21	41	—	—
Finance lease payables	22	193	201	163
Borrowings	23	<u>—</u>	<u>—</u>	<u>2,423</u>
		<u>8,284</u>	<u>5,404</u>	<u>7,463</u>
Net current assets		<u>9,937</u>	<u>13,492</u>	<u>15,902</u>
Total assets less current liabilities		<u>13,858</u>	<u>16,333</u>	<u>18,725</u>
Non-current liabilities				
Finance lease payables	22	<u>787</u>	<u>586</u>	<u>955</u>
		<u>787</u>	<u>586</u>	<u>955</u>
NET ASSETS		<u>13,071</u>	<u>15,747</u>	<u>17,770</u>
Capital and reserves				
Share capital	26	250	250	250
Reserves		<u>12,824</u>	<u>15,518</u>	<u>17,520</u>
Equity attributable to owners of the Company		13,074	15,768	17,770
Non-controlling interests		<u>(3)</u>	<u>(21)</u>	<u>—</u>
TOTAL EQUITY		<u>13,071</u>	<u>15,747</u>	<u>17,770</u>

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ACCOUNTANTS’ REPORT

Statement of Financial Position of the Company

		At 31 December 2016 <i>Note</i> <i>RM’000</i>
Non-current assets		
Investment in a subsidiary		—
Current assets		
Other receivables		2,242
		2,242
Current liabilities		
Accruals and other payables		18
Due to a subsidiary		5,852
		5,870
Net current liabilities		(3,628)
NET LIABILITIES		(3,628)
Capital		
Share capital	26	—*
Accumulated losses		(3,628)
TOTAL EQUITY		(3,628)

* Represents the amount less than RM1,000

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ACCOUNTANTS’ REPORT

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company				Non- controlling interests RM’000	Total Equity RM’000
	Share capital RM’000	Retained profits RM’000	Proposed dividends RM’000	Total RM’000		
As at 1 January 2014	250	11,463	—	11,713	33	11,746
Total comprehensive income for the year	—	14,945	—	14,945	(36)	14,909
Dividend paid (<i>note 14</i>)	—	(13,584)	—	(13,584)	—	(13,584)
Changes in equity for the year	—	1,361	—	1,361	(36)	1,325
As at 31 December 2014 and 1 January 2015	250	12,824	—	13,074	(3)	13,071
Total comprehensive income for the year	—	19,050	—	19,050	(18)	19,032
Dividend paid (<i>note 14</i>)	—	(16,356)	—	(16,356)	—	(16,356)
Changes in equity for the year	—	2,694	—	2,694	(18)	2,676
As at 31 December 2015 and 1 January 2016	250	15,518	—	15,768	(21)	15,747
Total comprehensive income for the year	—	14,302	—	14,302	13	14,315
Disposal of subsidiaries (<i>note 28</i>)	—	—	—	—	8	8
Dividend paid (<i>note 14</i>)	—	(12,300)	—	(12,300)	—	(12,300)
2016 proposed dividends (<i>note 14</i>)	—	(5,000)	5,000	—	—	—
Changes in equity for the year	—	(2,998)	5,000	2,002	21	2,023
As at 31 December 2016	250	12,520	5,000	17,770	—	17,770

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ACCOUNTANTS’ REPORT

Consolidated Statements of Cash Flows

	<i>Note</i>	For the year ended 31 December		
		2014	2015	2016
		<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		14,832	19,035	14,318
Adjustments for:				
Depreciation		1,888	1,481	1,343
Finance costs		55	51	248
Interest income		(17)	(20)	(28)
Gain on disposals of property, plant and equipment		(75)	—	(3)
Gain on disposal of subsidiaries		—	—	(77)
Other payables written back		—	(141)	(83)
Operating profit before working capital changes		16,683	20,406	15,718
Increase in trade receivables		(1,648)	(2,676)	(606)
(Increase)/decrease in other receivables		(15)	20	(2,281)
Decrease in accruals and other payables		(299)	(2,706)	(120)
Cash generated from operations		14,721	15,044	12,711
Finance lease charges paid		(49)	(40)	(45)
Interest paid		(6)	(11)	(203)
Income taxes (paid)/refunded		(204)	(323)	574
Net cash generated from operating activities		14,462	14,670	13,037
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in pledged bank deposits		(37)	(269)	(1,268)
Purchases of property, plant and equipment		(405)	(401)	(582)
Interest received		17	20	28
Proceeds from disposals of property, plant and equipment		75	—	416
Disposals of subsidiaries	28	—	—	(11)
Net cash used in investing activities		(350)	(650)	(1,417)

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ACCOUNTANTS’ REPORT

		For the year ended 31 December		
		2014	2015	2016
		RM’000	RM’000	RM’000
		Note		
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in due to a director		(145)	(41)	—
Repayment of finance lease payables		(241)	(193)	(825)
Dividend paid		<u>(13,584)</u>	<u>(16,356)</u>	<u>(12,300)</u>
Net cash used in financing activities		<u>(13,970)</u>	<u>(16,590)</u>	<u>(13,125)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		142	(2,570)	(1,505)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		<u>4,163</u>	<u>4,305</u>	<u>1,735</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		<u><u>4,305</u></u>	<u><u>1,735</u></u>	<u><u>230</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	19	4,305	1,735	2,653
Bank overdrafts		<u>—</u>	<u>—</u>	<u>(2,423)</u>
		<u><u>4,305</u></u>	<u><u>1,735</u></u>	<u><u>230</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 August 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Tingkat 10 Bangunan KWSP, No. 3, Changkat Raja Chulan, 50200, Kuala Lumpur, Malaysia.

The Company is an investment holding company.

In the opinion of the directors of the Company, as at 31 December 2016, Marketing Intellect (UTS) Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate parent; Mr. Ng Chee Wai is the ultimate controlling party of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

The Financial Information has been prepared in accordance with all applicable HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” in “History, Reorganisation and Corporate Structure” in this Document and in “Statutory and General Information” in Appendix IV to the Document, the Company became the holding company of the companies now comprising the Group on 23 August 2016. As the Reorganisation involved only the insertion of new holding companies at the top of the existing group and did not result in any change in economic substance, the Financial Information for the Relevant Periods has been prepared as a continuation of the existing group using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2014, 2015 and 2016 present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

During the Relevant Periods, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on 1 January 2016.

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ACCOUNTANTS’ REPORT

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2016. The directors anticipate that the new and revised HKFRSs will be adopted in the Financial Information when they become effective. The list of new and revised HKFRSs in issue but not yet effective that are relevant to the Group are as follows:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 7	Statement of Cash Flows ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with earlier application is permitted.

³ Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

⁴ Effective for annual periods beginning on or after 1 January 2017, earlier application is not permitted.

The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position, except for the following.

HKFRS 9 Financial Instruments

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The completed version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments.

HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial assets. Investments in equity investments are required to be measured at fair value through profit or loss with the irrevocable option at the inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

Measurement of impairment losses on trade receivables based on an expected credit losses model requires the use of historical data as well as forward looking information. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses, if any. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of HKFRS 9 is currently not expected to have a material impact on the Financial Information of the Group. The Group does not plan to early adopt HKFRS 9.

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HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) identify the contracts with customer; (2) identify separate performance obligations in a contract; (3) determine the transaction price; (4) allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. The standard is not effective until 1 January 2018. The directors of the Company have assessed the impact of HKFRS 15, and consider that the Group will continue to recognize revenue over the time under HKFRS 15 similar to its current revenue recognition policy and therefore, anticipate that the application of HKFRS 15 will have no material impact on the Group’s financial statements. The Group does not expect to adopt the new standard before 1 January 2018.

HKFRS 16 Leases

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17, Leases and the related interpretations including HK(IFRIC)- Int 4, Determining whether an arrangement contains a lease.

Based on the preliminary assessment, the directors are of the opinion that the leases of certain properties by the Group which are currently classified as operating leases under HKAS 17 will trigger the recognition of right-of-use assets and lease liabilities in accordance with HKFRS 16. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest will be recognised on the right-of-use assets and the lease liabilities respectively, of which the amount in total for each reporting period is not expected to be significantly different from the periodic operating lease expenses recognised under HKAS 17.

As set out in note 29 to the Financial Information, total operating lease commitment of the Group in respect of leased premises with terms more than 12 months as at 31 December 2016 amounted to RM3,867,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group’s result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. The new standard is not expected to apply until the financial year ending 31 December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5.

The significant accounting policies applied in the preparation of the Financial Information are set out below.

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(a) Consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company’s share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Financial Information is presented in Malaysian Ringgit (“RM”), which is the Company’s functional and presentation currency.

(ii) *Transactions and balances in each entity’s financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment are stated in the Financial Information at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	10%
Computer and office equipment	10%–50%
Telecommunication equipment	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

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The Group as lessor

(i) *Operating leases*

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(e) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(f) **Financial assets**

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the categories of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(g) **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

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(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(k) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from telemarketing services is recognised as services are rendered, generally based on the negotiated monthly services fees as set out in the service arrangement and the number of days worked during the period.

Interest income is recognised on a time-proportion basis using the effective interest method.

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

(n) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

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(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees’ basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(o) **Borrowing costs**

The borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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(q) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(r) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group’s past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(s) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person’s family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group’s position at the end of the reporting period are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

(v) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the equity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the shareholders’ annual general meeting. Interim dividends are recognised when paid.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives and related depreciation charges for the Group’s property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amounts of property, plant and equipment as at 31 December 2014, 2015 and 2016 were approximately of RM3,921,000 and RM2,841,000 and RM2,823,000 respectively.

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(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. No impairment loss was made during the Relevant Periods.

6. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities, Malaysian Ringgit (“RM”). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group’s credit risk is primarily attributable to its trade and other receivables, pledged bank deposits and bank and cash balances.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. In addition, in order to minimise credit risk, the directors review the recoverable amount of each individual trade receivables regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group’s credit risk is significantly reduced.

As at 31 December 2014, 2015 and 2016, there were 3, 4 and 4 customers which individually contributed over 10% of the Group’s trade receivables respectively. The aggregate amounts of trade receivables from these customers amounted to 48%, 61% and 52% of the Group’s total trade receivables as at 31 December 2014, 2015 and 2016 respectively.

The credit risk on pledged bank deposits and bank and cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

(c) Liquidity risk

The Group’s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group’s non-derivative financial liabilities is as follows:

	On demand or within 1 year RM’000	Between 1 to 2 years RM’000	Between 2 to 5 years RM’000	Over 5 years RM’000	Total RM’000
At 31 December 2014					
Accruals and other payables	7,991	—	—	—	7,991
Due to a director	41	—	—	—	41
Finance lease payables	233	232	505	123	1,093

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	On demand or within 1 year <i>RM’000</i>	Between 1 to 2 years <i>RM’000</i>	Between 2 to 5 years <i>RM’000</i>	Over 5 years <i>RM’000</i>	Total <i>RM’000</i>
At 31 December 2015					
Accruals and other payables	5,125	—	—	—	5,125
Finance lease payables	<u>232</u>	<u>232</u>	<u>351</u>	<u>45</u>	<u>860</u>
At 31 December 2016					
Accruals and other payables	4,626	—	—	—	4,626
Borrowings	2,423	—	—	—	2,423
Finance lease payables	<u>217</u>	<u>217</u>	<u>639</u>	<u>227</u>	<u>1,300</u>

(d) Interest rate risk

As at 31 December 2014, 2015 and 2016, the Group’s pledged bank deposits and finance lease payables bear interest at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group’s exposure to cash flow interest rate risk arises from its borrowings. These borrowings bear interests at variable rates that varied with the then prevailing market condition.

At 31 December 2014, 2015 and 2016, if interest rates at that date had been 50 basis points lower/higher with all other variables held constant, there is no significant change to the profit after tax for the year.

(e) Categories of financial instruments of the Group at the end of each reporting period

	At 31 December		
	2014 <i>RM’000</i>	2015 <i>RM’000</i>	2016 <i>RM’000</i>
Financial assets:			
Loans and receivables (including cash and cash equivalents)	<u>17,749</u>	<u>18,150</u>	<u>20,963</u>
Financial liabilities:			
Financial liabilities at amortised cost	<u>9,012</u>	<u>5,912</u>	<u>8,167</u>

(f) Fair values

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

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7. REVENUE

An analysis of the Group’s revenue is as follows:

	For the year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Telemarketing services income	57,939	69,005	73,161

8. OTHER INCOME AND GAINS

	For the year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Gain on disposals of property, plant and equipment	75	—	3
Gain on disposal of subsidiaries	—	—	77
Interest income	17	20	28
Other payables written back	—	141	83
Rental income	389	440	601
Others	—	42	42
	481	643	834

9. 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 Relevant Periods are located in Malaysia.

Revenue from major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the Relevant Periods were as follow:

	For the year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Customer A	6,864	11,369	8,579
Customer B	990	10,669	9,493
Customer C	10,759	10,031	10,324
Customer D	5,993	6,281	4,481
Customer E	8,322	2,611	679
Customer F	10,181	1,716	1,675

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10. FINANCE COSTS

	For the year ended 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Bank overdraft interests	6	11	203
Finance lease charges	49	40	45
	<u>55</u>	<u>51</u>	<u>248</u>

11. INCOME TAX (CREDIT)/EXPENSE

	For the year ended 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Current tax — Malaysian Income Tax			
Provision for the year	—	—	—
(Over)/under-provision in prior years	(12)	3	3
	<u>(12)</u>	<u>3</u>	<u>3</u>
Deferred tax (note 25)	(65)	—	—
	<u>(77)</u>	<u>3</u>	<u>3</u>

Malaysian income tax is calculated at the statutory tax rates of 25%, 25% and 24% on the estimated taxable profits for the years ended 31 December 2014, 2015 and 2016 respectively. Certain subsidiaries incorporated in Malaysia enjoy tax rates of 20%, 20% and 19% on the first RM500,000 and remaining balance of the estimated taxable profit at tax rates of 25%, 25% and 24% for the years ended 31 December 2014, 2015 and 2016 respectively.

No provision of Hong Kong and Indonesia Profits Tax has been made during the Relevant Periods as the Group did not generate any assessable profits arising in Hong Kong and Indonesia.

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

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

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The reconciliation between the income tax (credit)/expense and the product of profit before tax multiplied by the Malaysian Income Tax rate is as follows:

	For the year ended 31 December		
	2014 RM'000	2015 RM'000	2016 RM'000
Profit before tax	14,832	19,035	14,318
Statutory tax rate	25%	25%	24%
Tax at the statutory tax rate	3,708	4,759	3,437
Tax effect of income that are not taxable	(19)	—	(57)
Tax effect of expenses that are not deductible	172	191	1,123
Tax effect of tax losses not recognised	763	122	368
Tax effect of tax preferential period	(4,689)	(5,072)	(4,871)
(Over)/under-provision in prior years	(12)	3	3
Income tax (credit)/expense	(77)	3	3

12. PROFIT FOR THE YEAR

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

	For the year ended 31 December		
	2014 RM'000	2015 RM'000	2016 RM'000
Auditor’s remuneration	18	28	37
[REDACTED]	—	—	3,470
Operating lease charges in respect of			
— Hire of plant and equipment	23	55	55
— Land and buildings	2,122	2,307	2,535
	2,145	2,362	2,590
Staff costs (including directors’ emoluments)			
— Salaries, bonuses and allowances	29,586	35,535	39,394
— Retirement benefit scheme contributions	3,555	4,315	4,854
— Social insurance contributions	394	476	547
	33,535	40,326	44,795

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13. DIRECTORS’ AND EMPLOYEE BENEFITS

(a) Directors’ emoluments

The emoluments of each director were as follows:

Name of director	Fees <i>RM’000</i>	Salaries, bonuses and allowances <i>RM’000</i>	Retirement benefit scheme contributions <i>RM’000</i>	Social insurance contributions <i>RM’000</i>	Total <i>RM’000</i>
For the year ended 31 December 2014					
Mr. Ng Chee Wai	—	480	89	1	570
Mr. Lee Koon Yew	—	396	75	1	472
Mr. Kwan Kah Yew	—	372	70	1	443
	—	1,248	234	3	1,485

Name of director	Fees <i>RM’000</i>	Salaries, bonuses and allowances <i>RM’000</i>	Retirement benefit scheme contributions <i>RM’000</i>	Social insurance contributions <i>RM’000</i>	Total <i>RM’000</i>
For the year ended 31 December 2015					
Mr. Ng Chee Wai	—	480	89	1	570
Mr. Lee Koon Yew	—	396	75	1	472
Mr. Kwan Kah Yew	—	372	70	1	443
	—	1,248	234	3	1,485

Name of director	Fees <i>RM’000</i>	Salaries, bonuses and allowances <i>RM’000</i>	Retirement benefit scheme contributions <i>RM’000</i>	Social insurance contributions <i>RM’000</i>	Total <i>RM’000</i>
For the year ended 31 December 2016					
Mr. Ng Chee Wai	—	480	89	1	570
Mr. Lee Koon Yew	—	396	52	1	449
Mr. Kwan Kah Yew	—	420	80	1	501
	—	1,296	221	3	1,520

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

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(b) Five highest paid individuals

The five highest paid individuals for each of the years ended 31 December 2014, 2015 and 2016 included three directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two individuals are set out below:

	For the year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Salaries, bonuses and allowances	457	482	563
Retirement benefit scheme contributions	53	56	59
Social insurance contributions	<u>1</u>	<u>1</u>	<u>1</u>
	<u>511</u>	<u>539</u>	<u>623</u>

The emoluments fell within the following bands:

	For the year ended 31 December		
	2014	2015	2016
	No. of	No. of	No. of
	employees	employees	employees
HK\$500,001 or below	1	1	1
HK\$500,001 to HK\$1,000,000	<u>1</u>	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>	<u>2</u>

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Directors’ material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company and the director’s connected party has a material interest, whether directly or indirectly, subsisted at the end of the Relevant Periods or at any time during the Relevant Periods.

14. DIVIDENDS

	For the year ended 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Dividend declared and paid to its then shareholders	13,584	16,356	12,300
2016 proposed dividends	<u>—</u>	<u>—</u>	<u>5,000</u>
	<u>13,584</u>	<u>16,356</u>	<u>17,300</u>

Dividends represent dividends declared by the companies now comprising the Group to the then shareholders of the companies for each of the years ended 31 December 2014, 2015 and 2016.

Subsequent to 31 December 2016, dividends in respect of the year ended 31 December 2016 of RM5,000,000 have been proposed by the directors and have been approved by the then shareholders and paid on 10 March 2017 and 3 April 2017.

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ACCOUNTANTS’ REPORT

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this Financial Information is not considered meaningful due to the Reorganisation and the basis of presentation of the results of the Group for the Relevant Periods as further explained in note 2 to the Financial Information.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements <i>RM'000</i>	Computer and office equipment <i>RM'000</i>	Tele- communication equipment <i>RM'000</i>	Motor vehicles <i>RM'000</i>	Total <i>RM'000</i>
Cost					
As 1 January 2014	1,145	7,049	1,620	1,685	11,499
Additions	87	185	118	149	539
Disposals	—	—	—	(149)	(149)
As at 31 December 2014 and 1 January 2015	1,232	7,234	1,738	1,685	11,889
Additions	4	344	53	—	401
As at 31 December 2015 and 1 January 2016	1,236	7,578	1,791	1,685	12,290
Additions	—	308	52	1,378	1,738
Disposals	—	—	—	(1,376)	(1,376)
As at 31 December 2016	1,236	7,886	1,843	1,687	12,652
Accumulated depreciation					
As at 1 January 2014	418	4,104	1,099	608	6,229
Charge for the year	123	1,236	192	337	1,888
Disposals	—	—	—	(149)	(149)
As at 31 December 2014 and 1 January 2015	541	5,340	1,291	796	7,968
Charge for the year	124	838	182	337	1,481
As at 31 December 2015 and 1 January 2016	665	6,178	1,473	1,133	9,449
Charge for the year	123	720	163	337	1,343
Disposals	—	—	—	(963)	(963)
As at 31 December 2016	788	6,898	1,636	507	9,829
Carrying amount					
As at 31 December 2016	448	988	207	1,180	2,823
As at 31 December 2015	571	1,400	318	552	2,841
As at 31 December 2014	691	1,894	447	889	3,921

At 31 December 2014, 2015 and 2016, the carrying amount of motor vehicles held by the Group under finance lease amounted to approximately RM889,000, RM552,000 and RM1,102,000 respectively.

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17. TRADE RECEIVABLES

	At 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Trade receivables	<u>12,143</u>	<u>14,819</u>	<u>15,425</u>

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

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

	At 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
0 to 30 days	5,696	6,954	8,738
31 to 60 days	4,663	6,114	5,826
61 to 90 days	1,718	1,308	648
Over 90 days	<u>66</u>	<u>443</u>	<u>213</u>
	<u>12,143</u>	<u>14,819</u>	<u>15,425</u>

As at 31 December 2014, 2015 and 2016, trade receivables of approximately RM6,447,000 and RM7,865,000 and RM6,687,000 were past due but not impaired respectively. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Up to 3 months	6,447	7,854	6,687
Over 3 months	<u>—</u>	<u>11</u>	<u>—</u>
	<u>6,447</u>	<u>7,865</u>	<u>6,687</u>

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

18. OTHER RECEIVABLES

	At 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Deposits	706	733	756
Prepayments	56	10	2,270
Others	<u>11</u>	<u>10</u>	<u>8</u>
	<u>773</u>	<u>753</u>	<u>3,034</u>

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

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
RM	773	753	792
Hong Kong dollars	—	—	2,209
United States dollars	—	—	33
	<u>773</u>	<u>753</u>	<u>3,034</u>

19. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Pledged bank deposits	584	853	2,121
Bank and cash balances	<u>4,305</u>	<u>1,735</u>	<u>2,653</u>
	<u>4,889</u>	<u>2,588</u>	<u>4,774</u>

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

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
RM	4,305	1,735	2,649
Hong Kong dollars	—	—	2
United States dollars	—	—	2
	<u>4,305</u>	<u>1,735</u>	<u>2,653</u>

The Group’s pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as set out in note 24 to the Financial Information. The deposits are denominated in RM and bear interest at fixed rate ranging from 3.15% per annum to 3.40% per annum, 3.15% per annum to 3.30% per annum and 2.80% per annum to 3.30% per annum for the years ended 31 December 2014, 2015 and 2016 respectively and therefore are subject to fair value interest rate risk.

20. ACCRUALS AND OTHER PAYABLES

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Accruals	1,508	1,121	831
Commission payables	597	1,210	973
Salaries and welfare payables	1,869	2,096	2,394
Other tax payables	—	347	364
Dividends payables	3,528	—	—
Due to a non-controlling interests	10	10	—
Others	<u>538</u>	<u>419</u>	<u>315</u>
	<u>8,050</u>	<u>5,203</u>	<u>4,877</u>

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

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
RM	8,050	5,203	4,859
Hong Kong dollars	—	—	18
	<u>8,050</u>	<u>5,203</u>	<u>4,877</u>

21. DUE TO A DIRECTOR

The amount due to a director is denominated in RM and is unsecured, interest free and repayable on demand.

22. FINANCE LEASE PAYABLES

	Minimum lease payments		
	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Within one year	233	232	217
After one year but within two years	232	232	217
In the third to fifth years, inclusive	505	351	639
After five years	<u>123</u>	<u>45</u>	<u>227</u>
	1,093	860	1,300
Less: Future finance charges	<u>(113)</u>	<u>(73)</u>	<u>(182)</u>
Present value of lease obligations	<u>980</u>	<u>787</u>	<u>1,118</u>

	Present value of minimum lease payments		
	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Within one year	193	201	163
After one year but within two years	201	211	173
In the third to fifth years, inclusive	528	333	564
After five years	<u>58</u>	<u>42</u>	<u>218</u>
Present value of lease obligations	980	787	1,118
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(193)</u>	<u>(201)</u>	<u>(163)</u>
Amount due for settlement after 12 months	<u>787</u>	<u>586</u>	<u>955</u>

It is the Group’s policy to lease certain of its motor vehicles under finance leases. The average remaining lease term is 6 years, 5 years and 7 years for the years ended 31 December 2014, 2015 and 2016 respectively. At 31 December 2014, 2015 and 2016, the average effective borrowing rates were 5%, 5% and 5% respectively. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All finance lease payables are denominated in RM.

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As at 31 December 2014 and 2015, the Group’s finance lease payables are secured by the lessor’s title to the leased assets and personal guarantees executed by Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, the directors of the Company. Such personal guarantees had been released during the year ended 31 December 2016.

As at 31 December 2016, the Group’s finance lease payables are secured by the lessor’s title to the leased assets.

23. BORROWINGS

	At 31 December		
	2014	2015	2016
	RM’000	RM’000	RM’000
Bank overdrafts, secured and repayable on demand	<u>—</u>	<u>—</u>	<u>2,423</u>

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

At 31 December 2016, the Group’s average interest rate for the bank overdrafts is 8.60%.

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

As at 31 December 2016, the Group’s bank overdrafts are secured by the personal guarantees executed jointly and severally by the directors of the Company and pledged bank deposits. Such personal guarantees will be released upon listing.

24. BANKING FACILITIES

At 31 December 2014, 2015 and 2016, the Group had available and unutilised facilities from banks amounting to RM750,000, RM2,000,000 and RM2,577,000 respectively. These facilities are secured by:

- (a) The Group’s pledged bank deposits of approximately RM584,000, RM853,000 and RM2,121,000 as at 31 December 2014, 2015 and 2016 respectively; and
- (b) Personal guarantees executed jointly and severally by Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, the directors of the Company. Such personal guarantees will be released upon listing.

25. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group.

	Accelerated tax depreciation RM’000
As at 1 January 2014	65
Credit for the year (<i>note 11</i>)	<u>(65)</u>
As at 31 December 2014, 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	<u>—</u>

As at 31 December 2014, 2015 and 2016, the Group has unused tax losses of approximately RM3,051,000, RM3,538,000 and RM5,279,000 respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams from those loss making subsidiaries. Unrecognised tax losses may be carried forward indefinitely.

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26. SHARE CAPITAL

The share capital as presented in the consolidated statements of financial position as at 31 December 2014, 2015 and 2016 represented the issued and fully paid share capital of UTS Marketing Solutions Sdn. Bhd., a subsidiary of the Company, of 250,000 ordinary shares of RM1 each.

The Company was incorporated as an exempted company in the Cayman Islands on 23 August 2016 with an authorized share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon incorporation of the Company on 23 August 2016, one subscriber share was allotted and issued to the initial subscriber at par, which was subsequently transferred to Marketing Intellect (UTS) Limited at par value on the same date.

On 14 June 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$[REDACTED] divided into 10,000,000,000 shares of HK\$0.01 each by the creation of 9,962,000,000 shares pursuant to the Reorganisation.

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 share, 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 2014, 2015 and 2016 are 41%, 28% and 32% respectively.

The externally imposed capital requirement for the Group is to meet financial covenants attached to the interest-bearing borrowings.

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 borrowing for the years ended 31 December 2014, 2015 and 2016.

27. RESERVES

The amount of the Group’s reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

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ACCOUNTANTS’ REPORT

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Disposal of subsidiaries

On 7 September 2016, the Group entered into an agreement to dispose of its 90% equity interest in TCCW Marketing Services Sdn. Bhd. (“TCCW”) and its wholly-owned subsidiary, PT. UTS Indonesia (collectively referred as “TCCW Group”) to the non-controlling interests of the Group and another independent third party at a cash consideration of RM90. The principal activity of TCCW is investment holding. The disposal was completed on 15 September 2016.

The consolidated net liabilities of TCCW Group at the date of disposal were as follows:

	<i>RM’000</i>
Tax recoverable	27
Bank and cash balances	11
Accruals and other payables	<u>(123)</u>
Net liabilities disposed of	(85)
Non-controlling interest	8
Gain on disposal	<u>77</u>
Total consideration — satisfied by cash	<u><u>—</u>*</u>
Net cash outflow arising on disposal:	
Cash consideration received	<u>—</u> *
Cash and cash equivalents disposed of	<u>(11)</u>
	<u><u>(11)</u></u>

* Represents the amount less than RM1,000

(b) Major non-cash transactions

During the years ended 31 December 2014, 2015 and 2016, additions of property, plant and equipment of approximately RM134,000, RMNil and RM1,156,000 respectively were financed by finance lease.

29. LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December		
	2014	2015	2016
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
Within one year	1,292	1,230	1,803
In the second to fifth years inclusive	<u>260</u>	<u>894</u>	<u>2,064</u>
	<u><u>1,552</u></u>	<u><u>2,124</u></u>	<u><u>3,867</u></u>

Operating lease payments mainly represent rentals payable by the Group for certain of its offices. As at 31 December 2014, 2015 and 2016, leases are negotiated for an average term of 2 years, 2 years and 3 years respectively and rentals are fixed over the lease terms and do not include contingent rentals.

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ACCOUNTANTS’ REPORT

The Group as lessor

At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Within one year	<u>73</u>	<u>73</u>	<u>105</u>

30. RELATED PARTY TRANSACTIONS

(a) Transactions

Details of the related party transactions during the Relevant Periods are set out in notes 22, 23 and 24 to the Financial Information.

(b) Balances

Details of the balances with related parties are set out in the consolidated statements of financial position and note 21 to the Financial Information.

(c) Compensation of key management personnel of the Group:

	For the year ended 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Short term employee benefits	3,325	3,231	3,783
Retirement benefit scheme contributions	483	475	498
Social insurance contributions	<u>10</u>	<u>10</u>	<u>12</u>
Total compensation paid to key management personnel	<u>3,818</u>	<u>3,716</u>	<u>4,293</u>

31. RETIREMENT BENEFIT SCHEMES

The employees of the Group are required by the law to make contributions to the Employees Provident Fund, a post-employment plan. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

32. CONTINGENT LIABILITIES

As at 31 December 2014, 2015 and 2016, the Group did not have any significant contingent liabilities.

33. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, no significant events took place subsequent to 31 December 2016 and up to date of this report.

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ACCOUNTANTS’ REPORT

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

APPENDIX II

[REDACTED]

For illustrative purpose only, the pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the [REDACTED] and to illustrate the performance of the Group had the [REDACTED] been completed on 31 December 2016.

A. [REDACTED]

The [REDACTED] has been prepared, on the basis of the notes set out below, to illustrate how the [REDACTED] may have affected the net tangible assets attributable to owners of the Company had it occurred as of 31 December 2016. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

Audited consolidated net tangible assets attributable to owners of the Company as of 31 December 2016 (Note 1) RM'000	Estimated net proceeds from the [REDACTED] (Note 2) RM'000	[REDACTED] (Note 3) RM'000	[REDACTED]

Based on a minimum [REDACTED]

of HK\$[REDACTED] per [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on a maximum [REDACTED]

of HK\$[REDACTED] per [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of 31 December 2016 is extracted from the Accountants' Report of the Group as set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2016 of RM17,770,000.
- (2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the [REDACTED] to be received by the Company. The estimated proceeds from the [REDACTED] are based on [REDACTED] Shares to be issued at a minimum [REDACTED] of HK\$[REDACTED] or a maximum [REDACTED] of HK\$[REDACTED] per [REDACTED], respectively, net of [REDACTED] fee and other estimated listed-related expenses of approximately RM[REDACTED] and RM[REDACTED], respectively. The estimated net proceeds are converted into RM at the rate of RM1: HK\$1.73. No representation is made that the amounts in Malaysian Ringgit have been, could have been or could be converted into Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.
- (3) The number of Shares is based on a total of [REDACTED] Shares issued, adjusted as if the [REDACTED] had occurred at 31 December 2016. The estimated net proceeds are converted into RM at the rate of RM1:HK\$1.73. No representation is made that the amounts in Malaysian Ringgit have been, could have been or could be converted into Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.

APPENDIX II

[REDACTED]

- (4) The [REDACTED] attributable to owners of the Company does not take into account of the proposed final dividends for the year ended 31 December 2016 of RM5,000,000 approved by the then shareholders and paid on 10 March 2017 and 3 April 2017. Had the RM5,000,000 dividend been taken into account, the [REDACTED] attributable to owners of the Company per share would be RM0.30 per share or RM0.35 per share, assuming the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] respectively.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group subsequent to 31 December 2016.

APPENDIX II

[REDACTED]

B. ACCOUNTANTS’ REPORT ON [REDACTED]

The following is the text of a report, prepared for the sole purpose of inclusion in this document, from the independent reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

22 June 2017

The Board of Directors
UTS Marketing Solutions Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of UTS Marketing Solutions Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted net tangible assets statement as at 31 December 2016 and related notes as set out on page II-1 to the document dated 22 June 2017 (the “Document”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in part A of Appendix II to the Document.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the [REDACTED] of [REDACTED] Shares of HK\$0.01 each on the Group’s financial position as at 31 December 2016 as if the [REDACTED] had been taken place at 31 December 2016. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2016, on which an accountants’ report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

APPENDIX II

[REDACTED]

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Document” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX II

[REDACTED]

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

APPENDIX III	SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANIES LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 August 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its memorandum of association (the "**Memorandum**") and its articles of association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 14 June 2017 with effect from the [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

APPENDIX III	SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANIES LAW

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

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The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

APPENDIX III	SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANIES LAW

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

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The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two.

There is no maximum number of Directors. The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

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(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

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(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

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(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

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(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of

APPENDIX III	SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANIES LAW

shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting, particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

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All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
 - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
 - (cc) the election of directors in place of those retiring;
 - (dd) the appointment of auditors and other officers;
 - (ee) the fixing of the remuneration of the directors and of the auditors;
 - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
 - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member

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which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE COMPANIES LAW

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

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Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

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- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its

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shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act

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which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

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An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 7 September 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

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(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry

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on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

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(s) Indemnification

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company’s special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed “Documents available for inspection” in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 23 August 2016. Our Company’s registered office is located at the office of [REDACTED], Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and has established our principal place of business in Hong Kong at Rooms 1002–1003, 10/F., York House, the Landmark, 15 Queen’s Road Central, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 October 2016. Mr. Chan Hoi Kuen Matthew was appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to the Companies Law. Its constitution comprises the Memorandum of Association and Articles of Association. A summary of various provisions of the Memorandum of Association and Articles of Association and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in share capital of our Company

- (a) Our Company was incorporated in the Cayman Islands on 23 August 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On 23 August 2016, one Share was allotted and issued fully paid to the initial subscriber which was transferred subsequently to Marketing Intellect on the same day.
- (c) On 14 June 2017, Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, the then shareholders of UTS (BVI), transferred the entire issued share capital of UTS (BVI), 200 shares in total, to our Company, in consideration of which our Company allotted and issued 99 new shares credited as fully paid, to Marketing Intellect, Marketing Talent and Marketing Wisdom in the percentage of [REDACTED]%, [REDACTED]% and [REDACTED]% respectively.
- (d) Pursuant to the written resolutions of all our Shareholders passed on 14 June 2017, the authorised share capital of our Company was increased from HK\$380,000 to HK\$[REDACTED] by the creation of a further 9,962,000,000 Shares.
- (e) Immediately following completion of the [REDACTED] and the [REDACTED] but not taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares fully paid or credited as fully paid and [REDACTED] Shares will remain unissued. Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

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- (f) Save as aforesaid and as mentioned in the section headed “Written resolutions of our Shareholders passed on 14 June 2017” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our Shareholders passed on 14 June 2017

Pursuant to the written resolutions of our Shareholders passed on 14 June 2017:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$[REDACTED] by the creation of a further 9,962,000,000 Shares;
- (b) conditional on the share premium account of the Company being credited as a result of the issue of the [REDACTED] by the Company pursuant of the [REDACTED], our Directors were authorised to capitalise HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full [REDACTED] Shares. Such Shares to be allotted and issued to the Shareholders whose names are on the register of members of our Company at the close of business on 14 June 2017 in accordance with their respective shareholdings in our Company or in accordance with the direction of such Shareholder(s);
- (c) subject to and conditional on the conditions as set out in the section headed “Structure of the [REDACTED]” of this document:
- (i) the [REDACTED] was approved and our Directors were authorised to approve the allotment and issue of the Shares; and
- (ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;
- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to, or in consequence of a rights issues or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

allotment and issue of Shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association of our Company or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with a total not exceeding 20% of the aggregate number of Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Such mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable laws of Cayman Islands; and
 - (iii) the passing of an ordinary resolution of the shareholders of our Company in a general meeting revoking, varying or renewing such mandate;
- (e) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate number of Shares in issue immediately following the completion of the [REDACTED] and [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any applicable law of Cayman Islands; and
 - (iii) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate;
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate;
- (g) the Memorandum was adopted with immediate effect and Articles of Association were approved and adopted with effect from the [REDACTED].

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4. Corporate reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing. Following the Reorganisation, our Company became the holding company of our Group. Details of the Reorganisation have been disclosed in the section headed “History, reorganisation and corporate structure” of this document.

5. Changes in share capital of subsidiaries of our Company

Certain information on our subsidiaries is contained in the Accountants’ Report in Appendix I to this document. Save for the subsidiaries mentioned in Appendix I to this document, our Company has no other subsidiaries.

Save as disclosed in the section headed “History, reorganisation and corporate structure” of this document, there has been no alterations in the share capital of any of our subsidiaries within two years immediately preceding the date of this document.

6. Repurchase of our Shares

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders’ approval

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the resolutions in writing of our Shareholders passed on 14 June 2017, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate number of our Shares in issue immediately following the completion of the [REDACTED] and [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to our Directors, whichever occurs first.

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(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Articles of Association and any applicable law of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any purchase by our Company may be made out of our profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchase must be out of profits of our Company or out of the share premium account of our Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by the Company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to execute repurchases of the Shares in the market. Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(c) Number of Shares which may be repurchased

On the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Directors would be authorised under the Repurchase Mandate to repurchase up to [REDACTED] Shares during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Share to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

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No core connected person of our Company has notified our Company of intention to sell Shares to our Company, or such persons have undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase of Shares made pursuant to the Repurchase Mandate immediately after the Listing.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) a share sale agreement dated 6 June 2017, entered into between UTS (BVI) as Purchaser and Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, as Vendors regarding the transfer of the entire issued share capital of UTS Marketing at a consideration of RM250,000;
- (b) an instrument of transfer of shares dated 14 June 2017 entered into between Mr. Ng Chee Wai as transferor and our Company as transferee regarding the transfer of [REDACTED] ordinary shares in UTS (BVI), the consideration of which is satisfied by our Company allotting and issuing [REDACTED] Shares to Marketing Intellect as directed by Mr. Ng Chee Wai;
- (c) an instrument of transfer of shares dated 14 June 2017 entered into between Mr. Lee Koon Yew as transferor and our Company as transferee regarding the transfer of [REDACTED] ordinary shares in UTS (BVI), the consideration of which is satisfied by our Company allotting and issuing [REDACTED] Shares to Marketing Talent as directed by Mr. Lee Koon Yew;
- (d) an instrument of transfer of shares dated 14 June 2017 entered into between Mr. Kwan Kah Yew as transferor and our Company as transferee regarding the transfer of [REDACTED] ordinary shares in UTS (BVI), the consideration of which is satisfied by our Company allotting and issuing [REDACTED] Shares to Marketing Wisdom as directed by Mr. Kwan Kah Yew;

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- (e) the Deed of Indemnity;
- (f) the Deed of Non-competition; and
- (g) the [REDACTED].

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademark which, in the opinion of our Directors, are material to our business:

Trademark	Place of registration	Registration number	Name of registered proprietor	Class	Expiry Date
	Hong Kong	303874591	UTS Marketing	35 (see note below)	17 August 2026

As at the Latest Practicable Date, we have applied for the registration of the following trademark which, in the opinion of our Directors, are material to our business:

Trademark	Place of application	Application number	Name of applicant	Class	Date of application
	Malaysia	2016065689	UTS Marketing	35 (see note below)	25 August 2016

Note:

Class 35

Advertising; business management; business administration; office functions; management of contact centres & facilities for others; consultancy services relating to the sales of services/products via telemarketing; provision of telemarketing services; provision of outsourced outbound contact centre; all included in Class 35

(b) Domain names

As at the Latest Practicable Date, we have registered the following domain names which, in the opinion of our Directors, are material to our business:

Domain name	Name of Registered Proprietor	Date of Registration	Expiry date
<u>www.unitedteleservice.com</u>	UTS Marketing	25 March 2008	25 March 2020

Save as aforesaid, there are no other trade or service marks, patents, copyright, other intellectual or industrial property rights which, in the opinion of our Directors, are material to our business.

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C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares that may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of our Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required under the Model Code for Securities Transactions by Directors of [REDACTED] Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to our Company once the Shares are listed will be as follows:

(i) Interest in the Shares

Name of Directors	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of issued share capital
Mr. Ng Chee Wai	Interest in a controlled corporation (Note 2)	[REDACTED] ordinary Shares (L)	[REDACTED]%
Mr. Lee Koon Yew	Interest in a controlled corporation (Note 3)	[REDACTED] ordinary Shares (L)	[REDACTED]%
Mr. Kwan Kah Yew	Interest in a controlled corporation (Note 4)	[REDACTED] ordinary Shares (L)	[REDACTED]%

Notes:

- The letter “L” denotes the person’s long position in the shares.
- The Shares are held by Marketing Intellect, a company incorporated in the BVI, while the entire issued share capital of which is held by Mr. Ng Chee Wai. Mr. Ng Chee Wai is deemed to be interested in these Shares under the SFO.
- The Shares are held by Marketing Talent, a company incorporated in the BVI, while the entire issued share capital of which is held by Mr. Lee Koon Yew. Mr. Lee Koon Yew is deemed to be interested in these Shares under the SFO.

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4. The Shares are held by Marketing Wisdom, a company incorporated in the BVI, while the entire issued share capital of which is held by Mr. Kwan Kah Yew. Mr. Kwan Kah Yew is deemed to be interested in these Shares under the SFO.

(ii) Interest in associated corporations

Name of associated corporation	Name of Director	Capacity/Nature of interest	Number and class of securities	Approximate percentage of issued share capital
Marketing Intellect	Mr. Ng Chee Wai	Beneficial owner	1 ordinary share	100%
Marketing Talent	Mr. Lee Koon Yew	Beneficial owner	1 ordinary share	100%
Marketing Wisdom	Mr. Kwan Kah Yew	Beneficial owner	1 ordinary share	100%

(b) Particulars of service contracts and letters of appointment

(i) Executive Directors

Each of Mr. Ng Chee Wai, Mr. Lee Koon Yew and Mr. Kwan Kah Yew, being all the executive Directors, has entered into a service contract with our Company on 14 June 2017 for an initial term of three years commencing from the [REDACTED], unless terminated by not less than three months’ notice in writing served by either party on the other or by payment of three months’ fixed salary in lieu of such notice. The executive Directors are subject to retirement at the annual general meeting of our Company at least once every three years pursuant to the Articles of Association and the Listing Rules. Commencing from the [REDACTED], each of our executive Directors is entitled to an initial annual salary set out below, such salary to be reviewed annually by our Board and the remuneration committee of our Company. In addition, each of our executive Directors is entitled to such discretionary bonus as our Board and the remuneration committee of our Company may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, management bonus and other benefits payable to him.

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According to the terms of the service contracts entered into between our Company and the executive Directors, the current basic annual remuneration (excluding contribution to pension scheme, discretionary bonus and commission) of each of our executive Directors are as follows:

Name	Annual salary (HK\$)
Mr. Ng Chee Wai	1,080,000 (equivalent to approximately RM624,000)
Mr. Lee Koon Yew	1,080,000 (equivalent to approximately RM624,000)
Mr. Kwan Kah Yew	1,080,000 (equivalent to approximately RM624,000)

(ii) *Independent non-executive Directors*

Each of Mr. Lee Shu Sum Sam, Mr. Kow Chee Seng and Mr. Chan Hoi Kuen Matthew, being all our independent non-executive Directors, has entered into a letter of appointment with our Company on 14 June 2017 for a period of three years commencing from the [REDACTED], unless terminated by either party giving at least three month’s notice in writing served by either party on the other, and the independent non-executive Directors are subject to retirement at an annual general meeting at least once every three years pursuant to the Articles of Association and the Listing Rules. Commencing from the [REDACTED], each independent non-executive Director is entitled to an annual director’s fee of HK\$156,000 (equivalent to approximately RM90,000) and they are not entitled to any bonus.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with any member of our Group (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) *Directors’ remuneration*

The aggregate sums of approximately RM1.5 million, RM1.5 million and RM1.5 million were paid to our Directors as remuneration (including benefits in kind) by our Group for each of the three years ended 31 December 2014, 2015 and 2016 respectively. Further information in respect of our Directors’ remuneration is set out in the Accountants’ Report in Appendix I to this document.

Under the arrangements currently in force, it is estimated that an aggregate of approximately HK\$3.7 million will be paid to our Directors as remuneration (including benefits in kind but excluding any discretionary bonus which may be paid to any executive Director) by our Group for the year ended 31 December 2017.

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None of our Directors has been paid any sum of money for each of the years ended 31 December 2014, 2015 and 2016 respectively for (a) the loss of office as director or any other office in connection with the management affairs of any member of our Group or (b) as an inducement to join or upon joining any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the years ended 31 December 2014, 2015 and 2016 respectively.

None of our Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify his as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

(d) Disclosure of interests of our Directors in dealings with us

Save for the service contracts and letters of appointment entered into between our Directors and our Company, none of our Directors or their respective close associates engaged in any dealing with us during the Track Record Period.

2. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the [REDACTED] and assuming that the options which may be granted under the Share Option Scheme are not exercised, the following persons/entities (other than our Directors and chief executives of our Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have such provisions of the SFO) or will be expected,

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directly or indirectly, to be interested in 10% of more of any class of shares carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group, once the Shares are listed on the Stock Exchange:

Name	Capacity/nature	Number of Shares held/ interested immediately following completion of the [REDACTED]	Percentage of shareholding immediately following completion of the [REDACTED]
Marketing Intellect (<i>Note 1</i>)	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Cheong Wai Mun (<i>Note 2</i>)	Interest of spouse	[REDACTED]	[REDACTED]%
Marketing Talent(<i>Note 3</i>)	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Teh Swee Lee (<i>Note 4</i>)	Interest of spouse	[REDACTED]	[REDACTED]%
Marketing Wisdom (<i>Note 5</i>)	Beneficial owner	[REDACTED]	[REDACTED]%
Ms. Sun Bee Wah (<i>Note 6</i>)	Interest of spouse	[REDACTED]	[REDACTED]%

Notes:

- Marketing Intellect is a company incorporated in the BVI and is wholly-owned by Mr. Ng Chee Wai. Mr. Ng Chee Wai is deemed to be interested in all the Shares held by Marketing Intellect for the purposes of the SFO.
- Ms. Cheong Wai Mun, being the spouse of Mr. Ng Chee Wai, is deemed to be interested in the Shares held by Mr. Ng Chee Wai by virtue of the SFO.
- Marketing Talent is a company incorporated in the BVI and is wholly-owned by Mr. Lee Koon Yew. Mr. Lee Koon Yew is deemed to be interested in all the Shares held by Marketing Talent for the purposes of the SFO.
- Ms. Teh Swee Lee, being the spouse of Mr. Lee Koon Yew, is deemed to be interested in the Shares held by Mr. Lee Koon Yew by virtue of the SFO.
- Marketing Wisdom is a company incorporated in the BVI and is wholly-owned by Mr. Kwan Kah Yew. Mr. Kwan Kah Yew is deemed to be interested in all the Shares held by Marketing Wisdom.
- Ms. Sun Bee Wah, being the spouse of Mr. Kwan Kah Yew, is deemed to be interested in the Shares held by Mr. Kwan Kah Yew by virtue of the SFO.

3. Agency fees or commissions received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this document.

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4. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in note 30 of the accountants’ report of our Group set out in Appendix I to this document.

5. Disclaimers

Save as disclosed in this document:

- (a) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately following completion of [REDACTED] and assuming that the options which may be granted under the Share Option Scheme are not exercised, have an interest and/or a short position in the Shares or underlying Shares that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or who will be expected, directly or indirectly, to be interested in 10% or more of any class of shares carrying right to vote in all circumstances at general meetings of any member of our Group;
- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code, in each case once our Shares are listed;
- (c) none of our Directors nor the experts named in the paragraph headed “Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “Qualification of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (e) none of the experts named in the paragraph headed “Qualification of experts” in this Appendix has any shareholding (whether legally or beneficially) in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

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- (f) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company had any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of the Controlling Shareholders and Directors is interested in any business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with the business of our Group;
- (h) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation); and
- (i) none of our Directors nor any of the persons whose names are listed in the section headed “Qualification of experts” in this Appendix has received any agency fee, commissions, discounts, brokerage or other special terms from our Group within the two years immediately preceding the date of this document in connection with the issue or sale of any capital of any member of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the resolutions in writing of our Shareholders on 14 June 2017 (the “**Adoption Date**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to enable our Company to grant options to the Eligible Participants (as defined in paragraph (b) below) as incentives or rewards for their Contribution they had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) 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 our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (c) below to:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

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- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries;
- (iii) any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), contractor, supplier, service provider, agent, customer and business partner of our 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 our Company and/or any of its subsidiaries (collectively, the “**Eligible Participants**”).

An offer of grant of an option shall remain open for acceptance by the Eligible Participants concerned for such period as determined by the Board, which period shall not be more than 14 days from the date of the offer, provided that no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions thereof. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option.

(c) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the [REDACTED], being [REDACTED] Shares, excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option scheme (or any other share option schemes of our Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

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Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, right issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(d) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under Rules 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the Exercise Price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board resolves to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(e) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price shall not be less than the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; and

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- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant.

For the purpose of determining the subscription price for Shares under this paragraph (e), where the Shares have been listed on Stock Exchange for less than five business days preceding the date of grant, the final [REDACTED] per Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which Shares are to be subscribed or purchased pursuant to the [REDACTED] shall be taken as the “closing price per Share” for any business day falling within the period before the [REDACTED].

(f) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director which is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or any of their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person under the share option scheme and the other schemes in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting by way of a poll at which the grantee, his associates and all core connected persons of our Company shall abstain from voting in favour of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders’ meeting and the date of each grant;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

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(iii) the information required under Rule 17.02(2)(c) and Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(g) Restrictions on the times of grant of options

A grant of options may not be made when inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for our Company to publish an announcement of results of our Company for (i) any year or half-year period in accordance with the Listing Rules; and (ii) any quarterly or any other interim period, where our Company has elected to publish such results (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be);
- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

For the avoidance of doubt, no options shall be granted as mentioned above during any period of delay in publishing a results announcement.

The Directors may not make any offer of options to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

(h) Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option held by him or any [REDACTED] made to him or attempt to do so. Any breach of the foregoing by the grantee shall entitle the Company to cancel any option granted to such grantee (to the extent not already exercised).

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(i) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of the ten years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the date of its adoption.

(j) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(k) Rights on ceasing employment or death

If the grantee of an option (being an individual) ceases to be an Eligible Participant:

- (i) by reason of death, ill-health, injury or disability, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation or death of such grantee, failing which it will lapse; or
- (ii) in the event that an Eligible Participant retires in accordance with his contract of employment or upon expiration of his/her contract of employment or term of directorship before exercising his/her options in full, the Eligible participant may exercise the options (to the extent not already exercised) within a period of three months after he/she so retires or expiration of his/her contract of employment or term of directorship, failing which such Options will lapse; or
- (iii) other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (t)(v) and (vi) below, the option (to the extent not already exercised on the date of such cessation) shall lapse automatically on the date of cessation.

(l) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the grantee with the Company or the relevant subsidiary for the employment, appointment or engagement, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate

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his/her employment at common law or pursuant to any applicable laws or under the service contract or letter of appointment or other contact or agreement for employment, appointment or engagement of the grantee with our Company or any of its subsidiaries, his/her option (to the extent not already exercised) will lapse and not be exercisable on the date of termination of his/her employment, directorship, appointment or engagement.

A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment, directorship, appointment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (l) shall be conclusive.

(m) Rights on a general offer

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional prior to the expiry of the option, the Company shall within seven days of such offer becoming or being declared unconditional give notice thereof to the grantee, whereupon the grantee (or his/her personal representative(s)) shall be entitled to exercise the Options (to the extent not already exercised) to its full extent at any time within 14 days after the date on which the general offer becomes or is declared unconditional.

(n) Rights on material changes in the grantee

If a grantee (being a corporation) suffer a change in its constitution, management, directors, shareholdings or beneficial ownership which in the opinion of the Board is material, the option (to the extent not already exercised) shall lapse on the date of notification by the Company that the said change in constitution, management, directors, shareholding or beneficial ownership is material, as the case may be, and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving the grantee's option has lapsed by reason of material change in the constitution, management, directors, shareholding or beneficial ownership as aforesaid shall be final and conclusive.

(o) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his/her personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise, credited as fully paid up and register the grantee as holder thereof. Any options shall, to the extent they have not been so exercised, lapse and determine.

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(p) Rights on cessation of eligibility for other reasons

If the grantee of an option ceases to be an Eligible Participant for any other reason, the grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent which has become exercisable but not already exercised) within three months following the date of such cessation (or such longer period as the Board may determine), failing which the option will lapse.

The date of cessation as aforesaid shall be the last working day with our Company or the relevant subsidiary, whether the salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as Director, or the last date of appointment or engagement as consultant or adviser to our Company or the relevant subsidiary, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of directors of the relevant subsidiary shall be conclusive.

(q) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme of arrangement and thereupon each grantee shall be entitled to exercise the option in whole or in part at any time prior to 12 noon (Hong Kong time) on the Business Day immediately prior to the date of the proposed meeting directed to be convened by the relevant court.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the relevant court, the rights of grantees to exercise their respective options shall with effect from such date of the making of the order by the relevant court be restored in full but only to the extent not already exercised and shall become exercisable.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and any guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

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Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value.

The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alteration.

(s) Ranking of Shares

The Shares to be issued and allotted upon the exercise of options granted under the Share Option Scheme will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise. Shares issued on the exercise of an option shall not be entitled to any rights attaching to shares by reference to a record date preceding the date of allotment. The Shares to be allotted upon the exercise of an option will not carry voting rights until the completion of the registration of the grantee (or his/her personal representative(s)) as the holder thereof.

Unless the context otherwise requires, references to Shares in the Share Option Scheme include references to shares in the share capital of the Company as shall result from a sub-division or a consolidation, reclassification or reconstruction of the share capital of the Company from time to time forming part of the ordinary equity share capital.

(t) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraph (k), (l), (m), (n), (o), (p) or (q);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (q) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our group on any one or more of the following grounds:
 - (1) that he has been guilty of serious misconduct;
 - (2) that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of our group;

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- (3) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or
- (4) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (vi) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the expiry of a period of three months from the date of the Participant ceasing to be an employee or director of such member of our Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the Board in writing for the purpose of this sub-paragraph, at a younger age;
 - (2) the company by which he or she is employed and/or of which he or she is a director (if not our Company) ceasing to be a subsidiary of our Company; or
 - (3) expiry of his or her employment contract or vacation of his or her office with such member of our Group such contract or office is not immediately extended or renewed;
- (vii) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (w) below.

(u) Period of the Share Option Scheme

Subject to the fulfilment of the conditions of the Share Option Scheme and the earlier termination by Shareholders' resolution in general meeting or the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

(v) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

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shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees’ approval in accordance with the terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall remain in compliance with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(w) Cancellation of options

Subject to paragraph (h) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(x) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(y) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all parties.

(z) Condition of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the [REDACTED] or otherwise;
- (iii) the approval of the rules of the Share Option Scheme by our Shareholders in general meeting; and
- (iv) the commencement of dealings in the Shares on the Stock Exchange.

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(aa) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(bb) Present status of the Share Option Scheme

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of the Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being a contract referred to in the paragraph headed “B. Further information about the business of our Group — 1. Summary of material contracts” of this Appendix to this document) to provide indemnities on a joint and several basis in respect of, among other matters,

- (i) any claim (including claim, counterclaim, any assessment, notice, demand, fine or other form of liability) falling on any member of our Group; and
- (ii) any taxation (including all fines, penalties, costs, charges, expenses and interests incidental to or relating to taxation) and claims falling on any member of the Group resulting from or by reference to any income, profits, gains earned, accrued or received, or any transactions or events entered into or occurring, on or before the [REDACTED], whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation or claims are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers will however, not be liable under the Deed of Indemnity for any claim and/or taxation where (a) provision has been made for such claim and/or taxation in the audited consolidated accounts of our Group or the audited accounts of any member of our Group for an accounting period up to 31 December 2016 (the “**Accounts**”); (b) the claim and/or taxation arises or is incurred as a result of a retrospective change in law and/or a retrospective increase of tax rates coming into force after the [REDACTED]; (c) liability under such claim and/or taxation would not have arisen but for any act or omission of, or transaction by any member of our Group voluntarily effected (other than pursuant to a legally binding commitment created on or before the [REDACTED]) without the prior written consent or agreement of Indemnifiers; or (d) provision or reserve made for such taxation in the Accounts is established to be an over-provision or an excessive reserve.

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Pursuant to The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006 in Hong Kong, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands, BVI and Malaysia, being jurisdictions in which one or more of the companies comprising our Group were incorporated. There are currently no taxes in the form of estate duties under Cayman Islands law, and no estate tax is currently payable by persons who are not resident in the BVI with respect of any shares, debt obligations or other securities of a BVI company. No estate duty is chargeable in Malaysia with effect from 1 November 1991.

2. Registrars of members

The principal register of members of our Company in the Cayman Islands will be maintained by [REDACTED], and a branch register of members of our Company in Hong Kong will be maintained by [REDACTED]. Save when our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company’s branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into [REDACTED] as eligible securities.

3. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to stamp duty. The current rate charged on each of the purchase and seller is 0.1% of the consideration or, if higher, of fair value of our Shares being sold or transferred. Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to the profits tax in Hong Kong.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of shares of companies incorporated in the Cayman Islands, except those companies which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, our Directors or parties involved in the [REDACTED] accepts responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

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4. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or claims or arbitration of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

5. Sponsor and Sponsor’s fees

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application for and on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this document, including any Shares which may be issued pursuant to the [REDACTED] and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

Our Company agreed to pay the Sole Sponsor a fee of HK\$5.8 million as the sponsor to our Company for the [REDACTED]. Such sponsor’s fee relates solely to services provided by the Sole Sponsor in the capacity of a sponsor, and not other services which it may provide, such as, but without limitation, [REDACTED], [REDACTED] and [REDACTED].

6. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed CLC International as its compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED] or until the agreement is terminated, whichever is the earlier.

7. Preliminary expenses

The preliminary expenses incurred and paid by our Company were approximately HK\$50,000.

8. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

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9. Qualification of experts

The qualification of the experts who have given report, letter or opinion (as the case may be) in this document are as follows:

Name	Qualification
CLC International	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ben & Partners	Legal advisers as to the laws of Malaysia
RSM Hong Kong	Certified Public Accountants
Frost & Sullivan	Industry consultant

10. Consents of experts

Each of CLC International, Conyers Dill & Pearman, Ben & Partners, RSM Hong Kong and Frost & Sullivan has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or summary of opinion (as the case may be) and the references to its name included in this document in the form and context in which it is included.

11. Interests of experts in our Company

None of the persons named in paragraph “E. Other Information — 9. Qualification of experts” of this Appendix is interested beneficially or otherwise in any Shares or share of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

12. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. No material adverse change

Our Directors confirmed that, up to the Latest Practicable Date, there has been no material adverse change in financial or trading position or prospects of our Group since 31 December 2016, being the date on which the latest financial information of our Group was reported in the accountants’ report included in Appendix I to this document.

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14. Miscellaneous

- (a) Save as disclosed in this document, within the two years preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company or any of our subsidiaries;
 - (v) no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (vi) there has been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2016 (being the date to which the latest audited consolidated financial statements of the Group were prepared);
 - (vii) there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this document; and
 - (viii) our Company has no outstanding convertible debt securities as of the Latest Practicable Date.
- (b) None of CLC International, Conyers Dill & Pearman, Ben & Partners, RSM Hong Kong and Frost & Sullivan:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group saved as disclosed in this document and in connection with the [REDACTED].
- (c) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (d) Our Directors have been advised that, under the laws of Cayman Islands, the use of a Chinese name as a business name for identification purpose only by our Company in conjunction with its the English name, does not contravene the laws of Cayman Islands.

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- (e) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

15. Bilingual document

Pursuant to the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this document are being published separately. In case of any discrepancies between the English language version and Chinese language version, the English language version shall prevail.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the [REDACTED], [REDACTED] and [REDACTED];
- (b) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of experts” in Appendix IV to this document; and
- (c) a copy of each of the material contracts referred to in “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of Material Contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of F. Zimmern & Co. at Rooms 1002–1003, 10th Floor, York House, the Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles of Association;
- (b) the accountants’ report prepared by RSM Hong Kong, the text of which is set out in Appendix I to this document;
- (c) the audited combined financial statements of our Company and where applicable, companies now comprising our Group during the Track Record Period;
- (d) the report prepared by RSM Hong Kong on [REDACTED], the text of which is set out in Appendix II to this document;
- (e) the letter of advice prepared by Conyers Dill & Pearman summarizing certain aspects of Cayman Islands company law as referred to in Appendix III to this document;
- (f) the legal opinion prepared by Ben & Partners in respect of certain aspects of our Group in Malaysia;
- (g) the industry report prepared by Frost & Sullivan as referred to in “Industry Overview” of this document;
- (h) the material contracts referred to in “Statutory and General Information — B. Further information about the business of our Group — 1. Summary of Material Contracts” in Appendix IV to this document;
- (i) the written consents referred to in “Statutory and General Information — E. Other Information — 10. Consents of experts” in Appendix IV to this document;

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

- (j) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — (b) Particulars of service contracts and letters of appointment” in Appendix IV to this document;
- (k) the Companies Law; and
- (l) the rules of the Share Option Scheme.