

# **MINDTELL TECHNOLOGY LIMITED**

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

**(Stock Code: 8611)**

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 28 FEBRUARY 2023**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Mindtell Technology Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 28 February 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 28 February 2023*

		(Unaudited)	
		For the three months ended 28 February 2023 RM'000	For the three months ended 28 February 2022 RM'000
	<i>Notes</i>		
<b>Revenue</b>	4	2,706	4,460
Cost of services and materials sold		<u>(2,244)</u>	<u>(3,889)</u>
Gross profit		462	571
Other income	5	2	6
Administrative expenses		(3,271)	(2,789)
Finance costs	6	<u>(21)</u>	<u>(24)</u>
<b>Loss before income tax</b>	6	(2,828)	(2,236)
Income tax expenses	7	<u>—</u>	<u>—</u>
<b>Loss for the period</b>		(2,828)	(2,236)
<b>Other comprehensive income</b>		<u>(35)</u>	<u>—</u>
<b>Total comprehensive loss for the period</b>		<u><u>(2,863)</u></u>	<u><u>(2,236)</u></u>
<b>Loss per share, basic and diluted (RM cents)</b>	8	<u><u>(0.73)</u></u>	<u><u>(0.57)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 28 February 2023

	Reserves					Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000	
At 1 December 2022 (Audited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(98)</u>	<u>(26,362)</u>	<u>9,291</u>
Loss for the period and total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(2,828)</u>	<u>(2,863)</u>
<b>At 28 February 2023 (Unaudited)</b>	<b><u>2,067</u></b>	<b><u>28,732</u></b>	<b><u>4,952</u></b>	<b><u>(133)</u></b>	<b><u>(29,190)</u></b>	<b><u>6,428</u></b>
At 1 December 2021 (Audited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(340)</u>	<u>(19,626)</u>	<u>15,785</u>
Loss for the period and total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,236)</u>	<u>(2,236)</u>
At 28 February 2022 (Unaudited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(340)</u>	<u>(21,862)</u>	<u>13,549</u>

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months ended 28 February 2023*

## **1. CORPORATE INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 February 2018. The Company's shares were listed on GEM of the Stock Exchange on 22 October 2018 (the "Listing"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Unit 1802, 18/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The Group's headquarter is situated at B-7-7, Sky Park @ One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor, Malaysia.

The principal activity of the Company is an investment holding company. The Group is principally engaged in the provision of system integration and development services, IT outsourcing services and maintenance and consultancy services.

The unaudited condensed consolidated financial statements are presented in Malaysian Ringgit ("RM") and all amounts have been rounded to the nearest thousand ("RM'000"), unless otherwise indicated.

## **2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements of the Group for the three months ended 28 February 2023 (the "First Quarterly Financial Statements") are prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The preparation of the First Quarterly Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The First Quarterly Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 30 November 2022, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Boards (the "IASB"), which collective term includes all applicable individual IFRSs, International Accounting Standards and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 November 2022 (the "2022 Financial Statements").

The First Quarterly Financial Statements have been prepared on the historical costs basis.

The accounting policies and methods of computation applied in the preparation of the First Quarterly Financial Statements are consistent with those applied in the preparation of the 2022 Financial Statements. The adoption of the new/revised IFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

## **Future changes in IFRSs**

At the date of authorisation of the First Quarterly Financial Statements, the Group has not early adopted the new/revised IFRSs that have been issued but are not yet effective. The Directors do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

### **3. SEGMENT INFORMATION**

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are:

- (i) system integration and development services;
- (ii) IT outsourcing services; and
- (iii) maintenance and consultancy services.

#### **Segment revenue and results**

Segment revenue represents revenue derived from the system integration and development services, IT outsourcing services and maintenance and consultancy services.

Segment results represent the gross profit reported by each segment without allocation of other income, administrative expenses, finance costs and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group's place of domicile is Malaysia, where the central management and control is located.

The segment information provided to the CODM for the reportable segments for the three months ended 28 February 2023 and 2022 is as follows:

	System integration and development services <i>RM'000</i>	IT outsourcing services <i>RM'000</i>	Maintenance and consultancy services <i>RM'000</i>	Total <i>RM'000</i>
<b>Three months ended</b>				
<b>28 February 2023 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>2,314</u>	<u>243</u>	<u>149</u>	<u>2,706</u>
Reportable segment results	<u>125</u>	<u>188</u>	<u>149</u>	<u>462</u>
<i>Other information:</i>				
Amortisation	<u>864</u>	<u>–</u>	<u>–</u>	<u>864</u>
Addition of intangible assets	<u>85</u>	<u>–</u>	<u>–</u>	<u>85</u>
	System integration and development services <i>RM'000</i>	IT outsourcing services <i>RM'000</i>	Maintenance and consultancy services <i>RM'000</i>	Total <i>RM'000</i>
<b>Three months ended</b>				
<b>28 February 2022 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>3,952</u>	<u>363</u>	<u>145</u>	<u>4,460</u>
Reportable segment results	<u>299</u>	<u>129</u>	<u>143</u>	<u>571</u>
<i>Other information:</i>				
Amortisation	<u>1,137</u>	<u>–</u>	<u>–</u>	<u>1,137</u>
Addition of intangible assets	<u>1,032</u>	<u>–</u>	<u>–</u>	<u>1,032</u>

## Geographical information – Revenue from external customers

The following tables sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of revenue is based on the location of external customers,

	(Unaudited)	
	For the three months ended 28 February 2023 RM’000	For the three months ended 28 February 2022 RM’000
Malaysia	2,601	4,460
Indonesia	105	–
	<u>2,706</u>	<u>4,460</u>

## 4. REVENUE

	(Unaudited)	
	For the three months ended 28 February 2023 RM’000	For the three months ended 28 February 2022 RM’000
System integration and development services:		
Services provided	2,314	2,300
Sales of externally acquired/purchased hardware and software	–	1,652
	<u>2,314</u>	<u>3,952</u>
IT outsourcing services	243	363
Maintenance and consultancy services	149	145
	<u>2,706</u>	<u>4,460</u>
<i>Timing of revenue recognition:</i>		
At a point in time	–	1,652
Over time	2,706	2,808
	<u>2,706</u>	<u>4,460</u>

## 5. OTHER INCOME

	(Unaudited)	
	For the three months ended 28 February 2023 RM'000	For the three months ended 28 February 2022 RM'000
Interest income	1	5
Others	<u>1</u>	<u>1</u>
	<u><u>2</u></u>	<u><u>6</u></u>

## 6. LOSS BEFORE INCOME TAX

This is stated after charging:

	(Unaudited)	
	For the three months ended 28 February 2023 RM'000	For the three months ended 28 February 2022 RM'000
<b>Finance costs</b>		
Interest expenses on interest-bearing borrowings	9	12
Finance charges on lease liabilities	<u>12</u>	<u>12</u>
	<u><u>21</u></u>	<u><u>24</u></u>
<b>Other items</b>		
Amortisation of intangible assets, included in administrative expenses	864	1,137
Cost of materials sold	-	1,524
Depreciation of property, plant and equipment	110	110
Depreciation of right-of-use assets	<u>95</u>	<u>95</u>

## 7. INCOME TAX EXPENSES

The group entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong.

Malaysia corporate income tax (“Malaysia CIT”) is calculated at 24% (2022: 24%) of the estimated assessable profits for the three months ended 28 February 2023. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (2022: 17%) on the first RM600,000 (2022: RM600,000) and remaining balance of the estimated assessable profits at tax rate of 24% (2022: 24%) for the three months ended 28 February 2023. No Malaysia CIT has been provided for the three months ended 28 February 2023 and 2022 as the Group incurred a loss for taxation purposes in Malaysia.

## 8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following information:

	(Unaudited)	
	For the three months ended 28 February 2023 RM'000	For the three months ended 28 February 2022 RM'000
Loss for the period attributable to the owners of the Company, used in basic and diluted loss per share calculation	<u>(2,828)</u>	<u>(2,236)</u>
	Number of shares	
	For the three months ended 28 February 2023	For the three months ended 28 February 2022
Weighted average number of ordinary shares for basic and diluted loss per share calculation	<u>390,000,000</u>	<u>390,000,000</u>

Diluted loss per share is the same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the three months ended 28 February 2023 and 2022.

**9. DIVIDENDS**

The Directors did not recommend the payment of an interim dividend for the three months ended 28 February 2023 (2022: nil).

**10. APPROVAL OF THE FIRST QUARTERLY FINANCIAL STATEMENTS**

The First Quarterly Financial Statements were approved and authorised for issue by the Board on 12 April 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

The Group is an IT service provider based in Malaysia and principally engaged in the design, procurement, installation and maintenance of customised systems application for corporate customers. Our services mainly include:

- (i) System integration and development – development and customisation of corporate IT system applications on project basis, either in the capacity as a main contractor or as a subcontractor;
- (ii) IT outsourcing – performance of specific tasks for development and customisation of corporate IT system applications which are within our expertise under the supervision of customers; and
- (iii) Maintenance and consultancy – maintenance and support of the developed IT system applications.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue was derived from three principal businesses, namely, system integration and development services, IT outsourcing services and maintenance and consultancy services which are analysed in Note 4 to the First Quarterly Financial Statements.

For the three months ended 28 February 2023, the Group recorded a decrease in total revenue by approximately 39.3% to approximately RM2.7 million (2022: approximately RM4.5 million). The decrease in revenue was mainly due to significant decrease in revenue from the system integration and development services and IT outsourcing services.

Details of changes in the revenue derived from system integration and development services, IT outsourcing services, and maintenance and consultancy services are analysed as below.

#### ***System integration and development services***

For system integration and development services, the revenue decreased by approximately 41.4% to approximately RM2.3 million for the three months ended 28 February 2023 (2022: approximately RM4.0 million).

The reduction in revenue was primarily attributed to the decrease in new projects associated with the sales of externally acquired hardware and software.

#### ***IT outsourcing services***

For IT outsourcing services, the revenue decreased by approximately 33.1% to approximately RM243,000 for the three months ended 28 February 2023 (2022: approximately RM363,000). The decrease in revenue was mainly due to the decrease in the amount of time for outsourcing services rendered.

### ***Maintenance and consultancy services***

The revenue from maintenance and consultancy services remained stable at approximately RM149,000 for the three months ended 28 February 2023 (2022: approximately RM145,000).

### **Gross profit and gross profit margin**

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated:

	<b>(Unaudited)</b>	
	<b>For the three months ended 28 February 2023 RM'000</b>	<b>For the three months ended 28 February 2022 RM'000</b>
Revenue	<b>2,706</b>	4,460
Cost of services and materials sold	<b><u>(2,244)</u></b>	<u>(3,889)</u>
Gross profit	<b><u>462</u></b>	<u>571</u>
Gross profit margin	<b><u>17.1%</u></b>	<u>12.8%</u>

The gross profit decreased from approximately RM571,000 for the three months ended 28 February 2022 to approximately RM462,000 for the three months ended 28 February 2023. The gross profit margin increased from approximately 12.8% for the three months ended 28 February 2022 to approximately 17.1% for the three months ended 28 February 2023. The increase was mainly due to the increase in gross profit margin from IT outsourcing services.

### **Administrative expenses**

Administrative expenses increased by approximately 17.3% to approximately RM3.3 million for the three months ended 28 February 2023 (2022: approximately RM2.8 million). The increase was attributable to the increase in impairment losses on trade receivables, entertainment expenses, and staff costs in connection with the IT staff who were initially assigned to cost of services were reallocated to administrative expenses to prioritize the tendering of new projects and netting off the decrease in the amortisation of intangible assets.

### **Finance costs**

The finance costs remained stable at approximately RM21,000 for the three months ended 28 February 2023 (2022: approximately RM24,000).

## **Income tax expenses**

As the Group recorded a loss for the three months ended 28 February 2023, no provision for income tax has been made (2022: nil).

## **Loss for the period**

The Group recorded a loss of approximately RM2.8 million for the three months ended 28 February 2023 (2022: approximately RM2.2 million). The increase in loss was mainly attributable to the increase in administrative expenses as analysed above.

## **FUTURE BUSINESS AND DEVELOPMENT PLAN**

The Group actively pursues the following business strategies:

- (i) to be a major IT solution provider to the development of digital banking and digital public financial services;
- (ii) to capture new growth opportunities on solutions related to digitalisation of customer fronting needs; and
- (iii) to leverage on the business networks of the pre-IPO investors of the Company to introduce IT products in the PRC into Malaysia, and diversify our service offerings to our customers.

Details of the Group's future business and development plans are set out below:

### **(i) To be a major IT solution provider to the development of digital banking and digital public financial services**

As the country just embark into the route of stabilising the economy and political conditions, Malaysia is setting foot to release two rounds of national budget. The first one was released on 24 February 2023. It is still uncertain how the second budget may change the market outlook and it is challenging to anticipate which sector will benefit from technology investment.

Hence, more focus is diverted to the promising financial services industries as well as public financial services, such as social security, central banks, stock exchange, as well as pension fund organisation. These industries had steadily invested into fundamental demand especially in the compliance area. They have grown steadily amidst the pandemic and during economy downturn. We have been serving the market in both data engineering services, compliance, as well as digitalisation development.

We have also established ourselves in a prominent position of offering anti-money laundering solution since last year. It is expected that there will be high demand for such solution. We believe that we will be able to anchor the market with more adoptions of our anti-money laundering solution.

Riding on our track record in active digitalisation in social security, stock exchange, as well as central bank, we will continue to focus on selling and marketing activities in this segment. This is also supported by our known reputation in the same area.

**(ii) To capture new growth opportunities on solution related to digitalisation of customer fronting services**

The Group has developed the advanced version of our mobile payment and customer onboarding application – Blackbutton, in order to localise the mobile payment product into Malaysia and integrating the payment operator with the banking infrastructure. Blackbutton Version 2.0 has been completed and is ready for offering to market.

As the digital financial services ramped up in the market, new demand focusing on three areas of digital process seems increasing:

- a. Digital customer onboarding
- b. Digital Electronic Know Your Customer (eKYC)
- c. Digital credit origination

The Group will enhance Blackbutton by expanding its feature to fully support the three features above. The Group may also explore potential acquisition to accelerate the strengthening of products and features to meet the potential market demand in its NS3 and CUSTPRO products. The functions that include mobile technology and statistical modelling are still sought after in the intellectual property acquisition.

However, as the market is still in the transition to the actual post-pandemic status, acquisition of new intellectual property will be conducted in a prudent and cautious manner.

The digital banking solution is ready for offering to market. We will conduct active marketing activities such as participation in regional banking technology events, close group forums with local bankers, etc.

The current market, after the outbreak of the COVID-19 pandemic and its economic impact on the global market, are also suffering from global economy slowdown due to the interest rate hikes. It is expected that it will persist to give rise to an uncertain economic environment to the Malaysian market. In the coming years, the information technology industry in Malaysia is expected to remain challenging and competitive.

Looking forward, the Group will remain cautious and continue to pay close attention and focus on providing IT solutions by integrating its existing resources and optimising the business performance.

**(iii) To leverage on the business networks of the Pre-IPO Investors of the Company to introduce IT products in the PRC into Malaysia; and diversity our service offerings to our customers**

The Group has been discussing with various potential technology partners in the PRC on the launch of their services/products in Malaysia. Site visits were conducted to further discuss business collaboration for Malaysian market before the outbreak of the COVID-19 pandemic. However, these activities were put on hold or delayed due to the COVID-19 pandemic and restrictions on international travel in the past.

As the international travel is substantially resumed, the Group will continue to approach and discuss with potential business partners, and actively explore valuable IT products for the purpose of diversifying our products and services offering to our customers.

Barely out of the pandemic crisis, the Group is now monitoring the possible global recession with headline news on rising interest rates, the war in Ukraine and supply chain disruptions affecting business operations. The business environment will continue to remain challenging for the Group. Taking into consideration the challenges faced by the Group, the Group has actively negotiated and secured new projects and tenders to enhance its business performance and continued to develop advanced version of our existing IT products in order to further increase the competitive edge of our technical competence. The Group had taken steps to explore emerging markets such as Vietnam and Cambodia and to identify new business opportunities and appropriate investment opportunities to strengthen the core business of the Group. Nevertheless, the Group remains mindful and watchful of the global developments and is cautious on how they will impact our region. The Group will adjust and transform itself as the economic landscape evolves. Furthermore, the Group will focus on implementing its business strategies and utilize its competitive strengths. The Board will closely monitor the potential impact of the government policies of Malaysia on the Group's future business and development plans and make further adjustments to the plans if necessary.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the three months ended 28 February 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

**DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the three months ended 28 February 2023 (2022: nil).

**OTHER INFORMATION**

**CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the principles and the code provisions in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 15 to the GEM Listing Rules.

During the three months ended 28 February 2023, the Company had complied with the CG Code, except for the deviation as stated below:

### **Code Provision C.2.1**

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Chong Yee Ping is currently the Chairman of the Board and the Chief Executive Officer of the Company, and is responsible for formulating the overall business development strategy and planning of the Group. In view that Mr. Chong has been responsible for the overall management of the Group since its inception, the Board believes that it is in the best interest of the Group to continue to have Mr. Chong taking up both roles for effective management and business development. The Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of the other executive Director, non-executive Directors and independent non-executive Directors. Further, the Audit Committee has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board comprises six other experienced and high-calibre individuals including one other executive Director, two non-executive Directors and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Company will consult the relevant Board committees and senior management. Considering the present size and the scope of business of the Group, the Board considers that it is not in the best interest of the Company and the shareholders as a whole to separate the roles of the chairman and the chief executive officer, because the separation would render the decision-making process of the Company less efficient than the current structure. Therefore, the Board considers that the present arrangement is beneficial to and in the interest of the Company and the shareholders as a whole.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "Standard of Dealings"), as the code of conduct regarding the Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings from the date on which the shares of the Company are first listed on the Stock Exchange and up to the date of this announcement.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 28 February 2023.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme (the “Share Option Scheme”) on 19 September 2018. The purpose of the Share Option Scheme is to grant an option to subscribe for the shares of the Company (the “Option”) to eligible persons as defined in the Share Option Scheme (including, inter alia, directors, employees, suppliers, customers and consultants of the Group) as incentives or rewards for their contribution to the Group.

Subject to rules on grant of options to connected persons of the Company under the GEM Listing Rules, 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 scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being, and any further grant exceeding the said limit shall be subject to shareholders’ approval at general meeting.

The exercise price per share under the Share Option Scheme will be a price determined by the Directors but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share of the Company.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 19 September 2018 which shall expire on 18 September 2028. Since the adoption of the Share Option Scheme and up to 28 February 2023, no Option has been granted by the Company. As of the date of this announcement, the Company had 39,000,000 shares available for issue under the Share Option Scheme (representing 10% of the existing issued share capital of the Company as at the date of this announcement). An option may be accepted within 21 days from the date of offer. A sum of HK\$1.00 shall be payable on acceptance. Unless determined by the Directors otherwise, there is no minimum holding period before it can be exercised. Details of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” of the appendix headed “Statutory and General Information” of the prospectus of the Company dated 29 September 2018 (the “Prospectus”).

## **DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

At 28 February 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

## Long position in the shares or underlying shares of the Company:

Name of Directors	Notes	Capacity and nature of interest	Number of shares interested (Note 2)	Approximate percentage of the Company's issued share capital
Mr. Chong Yee Ping	(1)	Interests of controlled corporation and person acting in concert	196,560,000 (L)	50.4%
Mr. Siah Jiin Shyang	(1)	Interests of controlled corporation and person acting in concert	196,560,000 (L)	50.4%
Mr. Liu Yan Chee James		Beneficial owner	57,720,000 (L)	14.8%
Mr. Lam Pang		Beneficial owner	38,220,000 (L)	9.8%

### Notes:

- (1) Delicate Edge Limited is wholly and beneficially owned by Mr. Chong Yee Ping whereas King Nordic Limited is wholly and beneficially owned by Mr. Siah Jiin Shyang. Each of Delicate Edge Limited and King Nordic Limited holds 98,280,000 shares, representing 25.2% of the total issued share capital of the Company.

Mr. Chong Yee Ping and Mr. Siah Jiin Shyang are parties acting in concert (having the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code")) as confirmed by them in writing. As such, each of Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited is deemed to be interested in 196,560,000 shares held by Delicate Edge Limited and King Nordic Limited in aggregate under the SFO.

- (2) The Letter "L" denotes as long positions in the shares of the Company.

Save as disclosed above, as at 28 February 2023, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” and “Share Option Scheme” above, neither the Company nor any of its subsidiaries or associated corporations was a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations at any time during the three months ended 28 February 2023.

## SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSON’S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 28 February 2023, the following persons have or are deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### Long position in the shares or underlying shares of the Company:

Name of substantial shareholders	Notes	Capacity and nature of interest	Number of shares interested (Note 2)	Approximate percentage of the Company’s issued share capital
Delicate Edge Limited	(1)	Beneficial owner and person acting in concert	196,560,000 (L)	50.4%
King Nordic Limited	(1)	Beneficial owner and person acting in concert	196,560,000 (L)	50.4%
Mr. Liu Yan Chee James		Beneficial owner	57,720,000 (L)	14.8%
Mr. Lam Pang		Beneficial owner	38,220,000 (L)	9.8%

#### Notes:

- (1) Delicate Edge Limited is wholly and beneficially owned by Mr. Chong Yee Ping whereas King Nordic Limited is wholly and beneficially owned by Mr. Siah Jiin Shyang. Each of Delicate Edge Limited and King Nordic Limited holds 98,280,000 shares, representing 25.2% of the total issued share capital of the Company.

Mr. Chong Yee Ping and Mr. Siah Jiin Shyang are parties acting in concert (having the meaning ascribed to it under the Takeovers Code) as confirmed by them in writing. As such, each of Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited is deemed to be interested in 196,560,000 shares held by Delicate Edge Limited and King Nordic Limited in aggregate under the SFO.

- (2) The Letter “L” denotes as long positions in the shares of the Company.

Save as disclosed above, as at 28 February 2023, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **COMPETING INTERESTS**

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 28 February 2023 which may, directly or indirectly compete with the Group's business.

## **DEED OF NON-COMPETITION**

Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited, being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have entered into a deed of non-competition dated 19 September 2018 in favour of the Company (the "Deed of Non-Competition"). Details of the Deed of Non-Competition was set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the paragraph D.3 of Part 2 of the CG Code as set out in Appendix 15 of the GEM Listing Rules.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. Ho Suet Man Stella (chairman of the Audit Committee), Mr. Chan San Ping and Mr. Su Chi Wen.

The Audit Committee has reviewed with the management the accounting standards and practices adopted by the Group, and discussed financial reporting matters including the review of unaudited condensed consolidated financial statements for the three months ended 28 February 2023 and is of the opinion that the preparation of such statements complied with applicable accounting standards and adequate disclosures have been made in respect thereof.

By order of the Board  
**Mindtell Technology Limited**  
**Chong Yee Ping**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 April 2023

*As at the date of this announcement, the executive Directors are Mr. Chong Yee Ping and Mr. Liu Yan Chee James; the non-executive Directors are Mr. Siah Jiin Shyang and Mr. Lam Pang; and the independent non-executive Directors are Mr. Chan San Ping, Ms. Ho Suet Man Stella and Mr. Su Chi Wen.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days after the date of publication and on the website of the Company at [www.mindtellttech.com](http://www.mindtellttech.com).*