

# **MINDTELL TECHNOLOGY LIMITED**

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

**(Stock Code: 8611)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MAY 2021**

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

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**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 Mindtell Technology Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 May 2021, together with the comparative unaudited figures for the corresponding periods in 2020, as follows:

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

*For the three months and six months ended 31 May 2021*

	Notes	(Unaudited) For the three months ended 31 May		(Unaudited) For the six months ended 31 May	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue</b>	4	<b>3,729</b>	1,411	<b>5,571</b>	3,681
Cost of services and materials sold		<u>(2,633)</u>	<u>(1,334)</u>	<u>(3,818)</u>	<u>(3,056)</u>
Gross profit		<b>1,096</b>	77	<b>1,753</b>	625
Other income	5	<b>6</b>	87	<b>39</b>	106
Administrative expenses		<b>(2,661)</b>	(2,972)	<b>(4,444)</b>	(5,069)
Finance costs	6	<b>(20)</b>	(15)	<b>(38)</b>	(35)
<b>Loss before income tax</b>	6	<b>(1,579)</b>	(2,823)	<b>(2,690)</b>	(4,373)
Income tax expenses	7	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss for the period</b>		<b>(1,579)</b>	(2,823)	<b>(2,690)</b>	(4,373)
<b>Other comprehensive loss</b>		<u>(19)</u>	<u>–</u>	<u>(19)</u>	<u>–</u>
<b>Total comprehensive loss for the period</b>		<b><u>(1,598)</u></b>	<b><u>(2,823)</u></b>	<b><u>(2,709)</u></b>	<b><u>(4,373)</u></b>
<b>Loss per share, basic and diluted (RM cents)</b>	8	<b><u>(0.41)</u></b>	<b><u>(0.72)</u></b>	<b><u>(0.69)</u></b>	<b><u>(1.12)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2021

		(Unaudited) 31 May 2021 <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		2,048	2,185
Right-of-use assets		847	838
Intangible assets		2,784	2,977
		5,679	6,000
<b>Current assets</b>			
Trade and other receivables	10	5,484	7,524
Contract assets	11	519	166
Restricted bank balances	12	455	309
Bank balances and cash		16,586	18,876
		23,044	26,875
<b>Current liabilities</b>			
Trade and other payables	13	5,158	5,800
Contract liabilities	11	1,342	2,144
Income tax payables		965	1,026
Interest-bearing borrowings	14	851	853
Lease liabilities		231	223
		8,547	10,046
<b>Net current assets</b>		14,497	16,829
<b>Total assets less current liabilities</b>		20,176	22,829
<b>Non-current liabilities</b>			
Deferred tax liabilities		23	12
Lease liabilities		788	743
		811	755
<b>NET ASSETS</b>		19,365	22,074
<b>Capital and reserves</b>			
Share capital	15	2,067	2,067
Reserves		17,298	20,007
<b>TOTAL EQUITY</b>		19,365	22,074

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and six months ended 31 May 2021*

## 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 six months ended 31 May 2021 (the "Interim Financial Statements") are prepared in accordance with International Accounting Standards ("IASs") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board (the "IASB") and with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The preparation of the Interim Financial Statements in conformity with IAS 34 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 Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 30 November 2020, 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 IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited financial statements of the Group for the year ended 30 November 2020 (the "2020 Financial Statements").

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

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2020 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 Interim 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 six months ended 31 May 2021 and 2020 is as follows:

	<b>System integration and development services <i>RM'000</i></b>	<b>IT outsourcing services <i>RM'000</i></b>	<b>Maintenance and consultancy services <i>RM'000</i></b>	<b>Total <i>RM'000</i></b>
<b>For the six months ended 31 May 2021 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>3,695</u>	<u>1,483</u>	<u>393</u>	<u>5,571</u>
Reportable segment results	<u>577</u>	<u>875</u>	<u>301</u>	<u>1,753</u>
<i>Other information:</i>				
Amortisation	<u>1,152</u>	<u>–</u>	<u>–</u>	<u>1,152</u>
Addition of intangible assets	<u>959</u>	<u>–</u>	<u>–</u>	<u>959</u>
	<b>System integration and development services <i>RM'000</i></b>	<b>IT outsourcing services <i>RM'000</i></b>	<b>Maintenance and consultancy services <i>RM'000</i></b>	<b>Total <i>RM'000</i></b>
<b>For the six months ended 31 May 2020 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>2,903</u>	<u>402</u>	<u>376</u>	<u>3,681</u>
Reportable segment results	<u>56</u>	<u>207</u>	<u>362</u>	<u>625</u>
<i>Other information:</i>				
Amortisation	<u>784</u>	<u>–</u>	<u>–</u>	<u>784</u>
Addition of intangible assets	<u>1,764</u>	<u>–</u>	<u>–</u>	<u>1,764</u>

## Reconciliation of reportable segment results

	(Unaudited)	
	For the six months ended 31 May	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Reportable segment results	1,753	625
Unallocated income and expenses:		
Other income	39	106
Administrative expenses	(4,444)	(5,069)
Finance costs	(38)	(35)
Loss before income tax	(2,690)	(4,373)
Income tax expenses	—	—
Loss for the period	<u>(2,690)</u>	<u>(4,373)</u>

## Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, right-of-use assets and intangible assets (the "Specified Non-current Assets"). The geographical location of revenue is based on the location of external customers. The geographical location of the Specified Non-current Assets is based on the physical location of the assets (in the case of property, plant and equipment and right-of-use assets, the location of operation at which they are located, in the case of intangible assets, the location of operations).

### (a) Revenue from external customers

	(Unaudited)	
	For the six months ended 31 May	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
Malaysia	5,556	3,681
Singapore	15	—
	<u>5,571</u>	<u>3,681</u>

### (b) Specified Non-current Assets

At 31 May 2021 and 30 November 2020, all the Specified Non-current Assets are located in Malaysia.

#### 4. REVENUE

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 31 May</b>		<b>ended 31 May</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
System integration and development services:				
Services provided	<b>2,723</b>	941	<b>3,647</b>	2,872
Sales of externally acquired/purchased hardware and software	<b>31</b>	31	<b>48</b>	31
	<b>2,754</b>	972	<b>3,695</b>	2,903
IT outsourcing services	<b>781</b>	213	<b>1,483</b>	402
Maintenance and consultancy services	<b>194</b>	226	<b>393</b>	376
	<b>3,729</b>	1,411	<b>5,571</b>	3,681
Timing of revenue recognition:				
At a point in time	<b>31</b>	31	<b>48</b>	31
Over time	<b>3,698</b>	1,380	<b>5,523</b>	3,650
	<b>3,729</b>	1,411	<b>5,571</b>	3,681

#### 5. OTHER INCOME

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 31 May</b>		<b>ended 31 May</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Interest income	-	80	<b>29</b>	98
Others	<b>6</b>	7	<b>10</b>	8
	<b>6</b>	87	<b>39</b>	106

## 6. LOSS BEFORE INCOME TAX

This is stated after charging:

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 May</b>		<b>(Unaudited)</b> <b>For the six months</b> <b>ended 31 May</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Finance costs</b>				
Interest expenses on interest-bearing borrowings	<b>10</b>	11	<b>18</b>	21
Finance charges on lease liabilities	<b>10</b>	4	<b>20</b>	14
	<b>20</b>	15	<b>38</b>	35

	<b>(Unaudited)</b> <b>For the three months</b> <b>ended 31 May</b>		<b>(Unaudited)</b> <b>For the six months</b> <b>ended 31 May</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Other items</b>				
Amortisation of intangible assets, included in administrative expenses	<b>656</b>	392	<b>1,152</b>	784
Auditors' remuneration	<b>4</b>	–	<b>4</b>	13
Cost of materials sold	<b>28</b>	28	<b>41</b>	28
Depreciation of property, plant and equipment	<b>109</b>	72	<b>226</b>	144
Depreciation of right-of-use assets	<b>79</b>	26	<b>169</b>	56
Impairment loss on trade receivables	<b>200</b>	338	<b>200</b>	338

## 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 CIT is calculated at 24% (2020: 24%) of the estimated assessable profits for the six months ended 31 May 2021. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (2020: 17%) on the first RM600,000 (2020: RM600,000) and remaining balance of the estimated assessable profits at tax rate of 24% (2020: 24%) for the six months ended 31 May 2021. No Malaysia CIT has been provided for the six months ended 31 May 2021 and 2020 as the Group incurred a loss for taxation purposes in Malaysia.

Mixsol Sdn. Bhd. (“Mixsol”) has obtained the pioneer status effective from 23 September 2011. A pioneer status company is eligible for exemption from income tax on eligible activities and products for five years and subject to the submission of a formal request to the Malaysia Investment Development Authority on or prior to expiry date and upon the confirmation of the Ministry of International Trade and Industry that Mixsol has been complying with all the applicable conditions as imposed, the tax relief period shall be extended for a further five years after each five-year tax relief period ends.

The pioneer status for Mixsol has been renewed during the year ended 30 November 2016 and was expired on 30 June 2021. Mixsol is subject to Malaysia CIT upon the expiration of pioneer status since 30 June 2021.

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group’s entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group’s subsidiaries in the respective countries in which the Group operates.

## 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:

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 31 May</b>		<b>ended 31 May</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss for the period attributable to the owners of the Company, used in basic and diluted loss per share calculation	<b><u>(1,579)</u></b>	<b><u>(2,823)</u></b>	<b><u>(2,690)</u></b>	<b><u>(4,373)</u></b>
	<b>Number of shares</b>			
	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended 31 May</b>		<b>ended 31 May</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares for basic and diluted loss per share calculation	<b><u>390,000,000</u></b>	<b><u>390,000,000</u></b>	<b><u>390,000,000</u></b>	<b><u>390,000,000</u></b>

Diluted loss per share are same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the six months ended 31 May 2021 and 2020.

## 9. DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 31 May 2021 (2020: nil).

## 10. TRADE AND OTHER RECEIVABLES

		(Unaudited) 31 May 2021 <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
	<i>Notes</i>		
<b>Trade receivables from third parties</b>		<b>5,489</b>	7,393
Less: Loss allowance		<u>(1,199)</u>	<u>(999)</u>
	<i>10(a)</i>	<b>4,290</b>	6,394
<b>Other receivables</b>			
Deposits, prepayments and other receivables	<i>10(b)</i>	<u>1,194</u>	<u>1,130</u>
		<b><u>5,484</u></b>	<b><u>7,524</u></b>

### (a) Trade receivables from third parties

The Group normally grants credit periods of up to 30 days, from the date of issuance of invoices to its customers as approved by the management on a case by case basis. The ageing analysis of trade receivables (net of loss allowance) based on invoice date at the end of the reporting period is as follows:

	(Unaudited) 31 May 2021 <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
Within 30 days	–	1,672
31 to 60 days	<b>280</b>	–
61 to 90 days	<b>641</b>	–
91 to 180 days	<b>219</b>	151
181 to 365 days	<b>703</b>	913
Over 365 days	<u>2,447</u>	<u>3,658</u>
	<b><u>4,290</u></b>	<b><u>6,394</u></b>

### (b) Deposits, prepayments and other receivables

Included in deposits, prepayments and other receivables at 31 May 2021 was Goods and Services Tax receivables of approximately RM649,000 (*30 November 2020: approximately RM649,000*).

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	<b>(Unaudited)</b> <b>31 May 2021</b> <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
Contracts costs incurred plus recognised profits		
less recognised losses to date	<b>66,561</b>	60,473
<i>Less: progress billings received and receivable</i>	<b>(67,384)</b>	(62,451)
	<b>(823)</b>	(1,978)
Represented by:		
Contract assets	<b>519</b>	166
Contract liabilities	<b>(1,342)</b>	(2,144)
	<b>(823)</b>	(1,978)

At 31 May 2021 and 30 November 2020, no retention was held by customers on service contracts.

## 12. RESTRICTED BANK BALANCES

The Group had obtained banking facilities on issuance of bank guarantees granted by certain creditworthy banks. Such facilities were guaranteed by the restricted bank balances. At 31 May 2021, the Group had utilised approximately RM455,000 (*30 November 2020: approximately RM309,000*) under such facilities for issuing bank guarantees to customers in respect of the Group's fulfilment of related contracts.

### 13. TRADE AND OTHER PAYABLES

	(Unaudited) 31 May 2021 <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
<b>Trade payables from third parties</b>	<u>2,475</u>	<u>2,763</u>
<b>Other payables</b>		
Accruals and other payables	<u>2,683</u>	<u>3,037</u>
	<u><b>5,158</b></u>	<u><b>5,800</b></u>

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	(Unaudited) 31 May 2021 <i>RM'000</i>	(Audited) 30 November 2020 <i>RM'000</i>
Within 30 days	<b>900</b>	2,666
31 to 60 days	–	34
61 to 90 days	<b>1,500</b>	–
91 to 180 days	–	–
181 to 365 days	<b>12</b>	–
Over 365 days	<u><b>63</b></u>	<u>63</u>
	<u><b>2,475</b></u>	<u><b>2,763</b></u>

The credit term on trade payables is up to 90 days.

#### 14. INTEREST-BEARING BORROWINGS

	(Unaudited) 31 May 2021 RM'000	(Audited) 30 November 2020 RM'000
Interest-bearing borrowings (secured)	<u>851</u>	<u>853</u>
Carrying amounts of interest-bearing borrowings that are repayable ( <i>Note</i> )		
Within one year	34	12
One to two years	50	49
Two to five years	162	159
Over five years	<u>605</u>	<u>633</u>
	<u>851</u>	<u>853</u>

*Note:* The interest-bearing borrowings, with a clause in their terms that gives the lender an overriding right to demand repayment at their sole discretion, are classified as current liabilities even though the management does not expect that the lender would exercise its rights to demand repayment. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The interest-bearing borrowings represent amounts due to a bank in Malaysia with a maturity period of 14.5 years at 31 May 2021.

At 31 May 2021 and 30 November 2020, the interest-bearing borrowings bore a floating interest rate at the bank's Base Lending Rate minus 2.10% per annum. The effective interest rate on interest-bearing borrowings at 31 May 2021 is 3.5% (30 November 2020: 4.0%) per annum.

The interest-bearing borrowings are drawn under a banking facility. The interest-bearing borrowings are secured and guaranteed by:

- (i) properties owned by the Group with aggregate net carrying amount of approximately RM1,209,000 at 31 May 2021 (30 November 2020: approximately RM1,223,000); and
- (ii) guarantees provided by Mr. Chong Yee Ping and Mr. Siah Jiin Shyang, the ultimate controlling parties and the directors of the Company.

## 15. SHARE CAPITAL

	Number of shares	<i>HK\$</i>	Equivalent to RM
Ordinary shares of HK\$0.01 each			
Authorised:			
At 30 November 2020 (Audited) and <b>31 May 2021 (Unaudited)</b>	<b><u>2,000,000,000</u></b>	<b><u>20,000,000</u></b>	<b><u>10,596,200</u></b>
Issued and fully paid:			
At 30 November 2020 (Audited) and <b>31 May 2021 (Unaudited)</b>	<b><u>390,000,000</u></b>	<b><u>3,900,000</u></b>	<b><u>2,067,000</u></b>

## 16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 12 July 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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 Interim Financial Statements.

For the six months ended 31 May 2021, the Group recorded an increase in total revenue by approximately 51.3% to approximately RM5,571,000 (2020: approximately RM3,681,000). The increase in revenue was mainly due to increase 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 maintenances and consultancy services are analysed as below.

### *System integration and development services*

For system integration and development services, the revenue increased by approximately 27.3% to approximately RM3,695,000 for the six months ended 31 May 2021 (2020: approximately RM2,903,000). The increase in revenue was mainly due to a significant new project contributing revenue of approximately RM2.7 million during the six months ended 31 May 2021.

### *IT outsourcing services*

For IT outsourcing services, the revenue increased over 2.6 times to approximately RM1,483,000 for the six months ended 31 May 2021 (2020: approximately RM402,000). The increase in revenue was mainly due to the increase in the time for outsourcing services rendered.

### *Maintenance and consultancy services*

For maintenance and consultancy services, the revenue remained stable at approximately RM393,000 for the six months ended 31 May 2021 (2020: approximately RM376,000).

## Gross profit and gross profit margin

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

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>31 May</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>5,571</b>	3,681
Cost of services and materials sold	<b>(3,818)</b>	(3,056)
Gross profit	<b>1,753</b>	625
Gross profit margin	<b>31.5%</b>	17.0%

The gross profit increased from approximately RM625,000 for the six months ended 31 May 2020 to approximately RM1,753,000 for the six months ended 31 May 2021. The gross profit margin increased from approximately 17.0% for the six months ended 31 May 2020 to approximately 31.5% for the six months ended 31 May 2021. The increase was mainly due to the increase in gross profit margin from system integration and development services.

## Administrative expenses

Administrative expenses decreased by approximately 12.3% to approximately RM4,444,000 for the six months ended 31 May 2021 (2020: approximately RM5,069,000). The decrease was mainly due to the decrease in administrative staff costs and decrease in sales and marketing expenses.

## **Finance costs**

The finance costs remained stable at approximately RM38,000 for the six months ended 31 May 2021 (2020: approximately RM35,000).

## **Income tax expenses**

As the Group recorded a loss for the six months ended 31 May 2021, no provision for income tax has been made (2020: nil).

## **Loss for the period**

The Group recorded a loss of approximately RM2,690,000 for the six months ended 31 May 2021 (2020: approximately RM4,373,000). The decrease in loss was mainly due to the increase in revenue and the decrease in administrative expenses as analysed above.

## **LIQUIDITY AND CAPITAL RESOURCES**

At 31 May 2021, the total borrowings of the Group amounted to approximately RM1.9 million (30 November 2020: approximately RM1.8 million) which represented interest-bearing borrowings and lease liabilities.

At 31 May 2021, the gearing ratio of the Group was 9.7% (30 November 2020: 8.2%). Gearing ratio is calculated based on total borrowings divided by total equity at the end of the relevant period.

At 31 May 2021, the Group's net current assets amounted to approximately RM14.5 million (30 November 2020: approximately RM16.8 million). The current ratio of the Group was approximately 2.7 times (30 November 2020: approximately 2.7 times). Current ratio is calculated based on total current assets divided by total current liabilities at the end of the relevant period.

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as interest-bearing borrowings. The Board will continue to follow a prudent treasury policy in managing its bank balances and cash and maintain a strong and healthy liquidity position to ensure that the Group is well positioned to achieve its business objectives and strategies.

## **CONTINGENT LIABILITIES**

At 31 May 2021, the Group did not have any significant contingent liabilities (30 November 2020: nil).

## **CAPITAL COMMITMENTS**

At 31 May 2021, the Group did not have any significant capital commitments contracted but not provided for (30 November 2020: nil).

## **SIGNIFICANT INVESTMENTS HELD**

At 31 May 2021, the Group did not have any significant investments (30 November 2020: nil).

## **PLEDGE OF ASSETS**

At 31 May 2021, the Group had obtained banking facilities on issuance of bank guarantees granted by certain banks, which were guaranteed by the restricted bank balances of approximately RM455,000 (30 November 2020: approximately RM309,000) as set out in Note 12 to the unaudited condensed consolidated financial statements.

At 31 May 2021, the interest-bearing borrowings were secured by properties owned by the Group with aggregate net carrying amount of approximately RM1.2 million (30 November 2020: approximately RM1.2 million) as set out in Note 14(i) to the unaudited condensed consolidated financial statements.

## **RESPONSE TO OUTBREAK OF COVID-19 PANDEMIC**

Since early 2020, the COVID-19 pandemic spread worldwide. A series of precautionary and control measures have been undertaken by governments around the world, including Hong Kong and Malaysia.

The Malaysian Government announced the implementation of Movement Control Order (the “MCO”) effective from 18 March 2020. On 4 May 2020, the Malaysian Government had eased lockdown restrictions and announced the Conditional Movement Control Order (“CMCO”), which allowed certain business sectors to resume operations. On 10 June 2020, the Malaysian Government implemented the Recovery Movement Control Order (“RMCO”). Under RMCO, most of the economic sectors were allowed to resume operations in stages, while in full compliance with the Standard Operating Procedures (“SOP”). However, the situation of COVID-19 pandemic in Malaysia worsened again in early 2021 and the Malaysian Government implemented the MCO again from 11 January 2021 to 4 March 2021. The MCO was extended for several times and switched to either the CMCO or the RMCO depending on the COVID-19 condition in each state of Malaysia. Further, on 11 January 2021, the head of state of Malaysia declared a Proclamation of Emergency that will remain in force until 1 August 2021.

In early June 2021, the COVID-19 infections surge and Malaysia entered a full lockdown from 1 June 2021 to 28 June 2021. On 15 June 2021, the Malaysian Government introduced a four-phase National Recovery Plan to help the country emerge from the COVID-19 pandemic and its economic fallout. Under National Recovery Plan, each phase will be extended or moved on to next phase subject to the number of new cases, people requiring intensive treatment and care, and vaccination rates in each state.

During the year of 2020 and the first half of 2021, the Group has experienced significant disruption in its operations arising from the COVID-19 pandemic and the various control orders in Malaysia, including but not limited to (i) temporary closure of offices where most of the staff has to work from home since March 2020, (ii) interruption of operations where SOP was required to be implemented, (iii) only 50% attendance were maintained by all customers’ offices and closure of the headquarters of all banks. Our customers slowed down the progress of their projects to complete certain deployment during the various control orders and therefore various projects have been delayed. Further, all meetings were limited to online meetings which seriously hindered the securing of new business.

To cope with the ongoing situation of the COVID-19 pandemic, the Group has, in a timely manner, put in place numerous precautionary measures and procured essential protective supplies to ensure the health and safety of all its employees in different regions. At the same time, the Group has implemented various flexible working arrangements for its staff and strictly implemented the precautionary and control measures imposed by the Malaysian Government. The Group has used, and will continue to use, its best endeavors to mitigate the adverse impact of the COVID-19 pandemic on the Group.

The Group is closely monitoring the development of the COVID-19 pandemic to ensure the safety of its employees and stable operations. As and when appropriate, the Group will adjust its measures and plans for pandemic prevention, operations and business development accordingly.

## **FUTURE BUSINESS AND DEVELOPMENT PLAN**

Following the Listing, the Group consistently and actively pursues the following business strategies: (i) to be a major IT solutions provider to the development of digitalisation in Malaysia; (ii) to capture new growth opportunities through our successful product, Square Intelligence; (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 diversifying 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 solutions provider to the development of digitalisation in Malaysia

Since the Listing, the Group has already recruited 12 additional IT specialists and outsourced partial development and upgrading works to technology vendors in providing IT solutions in Digital Free Trade Zone in Malaysia. However, the Digital Free Trade Zone has been affected by the change of government and cancelled by the new government. On 19 February 2021, the Malaysian Government has unveiled the country's Digital Economy Blueprint in an effort to catch up in the digitalisation race and introduced a 10-year road map which aims to transform Malaysia into a digital-driven, high income nation and to become a regional leader in the digital economy. Development efforts on the building of digital infrastructure will be jointly undertaken by the Malaysian Government and the private sector. The Malaysian Government will invest RM15 billion within a period of 10 years for the implementation of 5G network in Malaysia. The Malaysian Government also targets to migrate 80% of the public data to hybrid cloud systems by the end of 2022. The Group has participated or planned to participate in several digital transformation tenders undertaken by the Malaysian Government or Government-linked Companies (GLCs). Pre-sales activities such as technology demonstrations, proofs of concept and value-added consultations are being carried out.

Besides, the Group is still in the process of developing and rolling out the advanced version of our mobile payment application (i.e. Blackbutton) in order to localize the mobile payment product into Malaysia and to integrate the payment operator with the banking infrastructure.

The Group is also currently evaluating the potential acquisitions or development of 4 new major intellectual properties to increase the product features and enhance the compatibility of Square Intelligence (i.e. NS3) and the customer relationship management system (i.e. CUSTPRO).

These functions include scalable mobility technology, statistical modeling of business performance, API technology, as well as building a digital banking feature on top of NS3 and CUSTPRO.

The Group has started to design the high level functional requirements and the overall technical architecture for the said digital banking platform. The design of the platform is based on the latest technology that allows the platform to run on both on-premise and cloud infrastructure in order to meet the demand for both. The Group targets to create a solution that is scalable to the potential clients of all sizes with the system business process that is adaptable to the client's business operations. The solution is expected to be completed by the end of 2021.

In order to enable the Group to secure contracts from Malaysian government authorities and agencies and tender for larger government tenders, the Group has accelerated its pace in the acquisition of service providers that possess Malaysian government's service provider licence (i.e. Taraf Bumiputera MOF) since early 2021. Only companies possessing this licence are eligible to provide services, goods and sales to the governmental authorities and agencies. Given that the majority shareholders of the applicant must be Bumiputera in order to obtain the full licence of Taraf Bumiputera MOF, the Group is only eligible to be a minority shareholder of the company that possesses this licence. To date, no definite acquisition target has been identified yet. The Group will continue to identify and evaluate any potential target.

Affected by the outbreak of COVID-19 pandemic and its economic impact on the global market, it is expected that it gives 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 the existing resources and optimising the business performance.

- (ii) To capture new growth opportunities through our successful product, Square Intelligence

Our product, Square Intelligence (based on the technical know-how of NS3), has been successful since its introduction to the Malaysian market. The Group is continuously developing the advanced version of Square Intelligence. New functions that incorporate machine learning capabilities have been designed and the functions are undergoing the development process to further enhance the features offered by Square Intelligence. The new functions are capable of performing data extraction from un-structured data source such as manual documentation, reports and forms. It is designed to be able to convert these un-structured data into text based on Optical Character Recognition technology with AI, and from there, Square Intelligence shall be able to perform further analysis according to the business requirements. The advanced version of Square Intelligence is expected to be ready by the third quarter of 2021.

The outbreak of COVID-19 pandemic in early 2020 throughout the world has certain impacts on the business operation of the Group and the global economy. Due to suspension of operation in Malaysia and global travel restrictions, it directly and indirectly affected the seeking out of potential customers and negotiation and securing of new projects by the Group. However, the management will actively formulate more alternative business plans and perform a series of sales and marketing efforts in order to expand its existing market share. The Board expects that the enhancement of our products will continuously generate a sustainable cash inflow to the Group through the aforesaid measures and means.

- (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 diversifying our service offerings to our customers

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

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

The Board is aware of the recent political uncertainty in Malaysia, and the Malaysian Government, and hence the government policy, may change again. The Board will closely monitor its impact on the Group's future business and development plans.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the six months ended 31 May 2021, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group identified various principal risk factors and uncertainties that may affect our operating results and business prospects, including but not limited to the following:

<b>Risk factors and uncertainties</b>	<b>Risk response</b>
Most of the contracts are project-based which create uncertainty and sustainability of our future revenue streams	To secure new contracts, the Group continuously enhances and diversifies its product and services offerings, introduces various marketing and promotional activities, and provides customised solutions to the customers.

## **Risk factors and uncertainties**

## **Risk response**

Dependent on major customers for a significant portion of our business and any decrease in revenue generated from major customers could materially and adversely affect our business, results of operations and financial condition

The Group maintains good and long-term relationships with the existing customers. At the same time, the Group carries out various marketing and promotional activities to attract potential customers and to increase market awareness. The Group is also exploring new markets and seeking other cooperation opportunities with potential partners.

Cost overruns or delays in our system integration and development projects may materially and adversely affect our business, financial position and results of operation

The COVID-19 pandemic had resulted in the cost overruns and delays in projects in 2020 and 2021. Nevertheless, the Group continues to manage the cost carefully and optimise the resources utilisation.

Failure to anticipate and keep pace with our customer's business and industry

The Group closely monitors the changes in technologies and reviews the customers' needs to mitigate the risks. The Group also develops advanced versions of its existing products and is establishing new products and services from time to time to meet the customers' demands.

Significant delays in collecting trade receivables from our customers

The Group trades with recognised and creditworthy customers and generally does not provide a long credit period to new customers unless they are sizable enterprises with good reputation. The trade receivable balances are monitored on an ongoing basis by the management. To collect overdue trade receivables, the Group closely monitors overdue payments and performs credit search on our customers to ensure their recoverability.

For a more comprehensive description of risk factors, please also refer to the section headed "Risk Factors" in the prospectus of the Company dated 29 September 2018 (the "Prospectus") which are still applicable to the Group.

## **FOREIGN EXCHANGE EXPOSURE**

The Group has minimal exposure to foreign currency risk as most of the business transactions, assets and liabilities are principally denominated in Malaysian Ringgit and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management monitors our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **USE OF PROCEEDS**

The net proceeds raised by the Company from the share offer of the Company were approximately RM30.5 million (equivalent to approximately HK\$58.6 million) (based on the final Offer Price (as defined in the Prospectus) of HK\$0.62 per offer share adjusted by the Downward Offer Price Adjustment (as defined in the Prospectus)). The Company adjusted the use of net proceeds on a pro rata basis for the purposes as disclosed in the section headed “Future Plans and Use of Proceeds – Use of Proceeds” of the Prospectus and the price reduction announcement dated 16 October 2018.

On 19 March 2021, the Board resolved to change the use of the remaining balance of the unutilised net proceeds of approximately RM17.28 million to research and development of advanced and adapted versions of our Group’s existing IT products, the acquisition of IT business and for the Group’s general working capital.

The Board confirms that there is no material change in the business of the Group as set out in the Prospectus. The Board considered that the change in the use of the net proceeds will enable the Group to deploy its financial resources more effectively and to have a higher degree of flexibility in cash flow management, and is therefore in the interest of the Group and the shareholders of the Company as a whole. Details of the change in use of proceeds were set out in the announcement of the Company dated 23 March 2021.

The table below sets out the utilisation of the net proceeds up to 31 May 2021:

Use of proceeds	Original intended use of net proceeds from the Listing <i>RM million</i>	Adjusted net proceeds after change in uses on 19 March 2021 <i>RM million</i>	Amount of utilised net proceeds up to 31 May 2021 <i>RM million</i>	Balance as at 31 May 2021 <i>RM million</i>	Expected timeline for utilising the unutilised net proceeds
Strengthening our technical team by recruiting more IT specialists	3.05	3.05	(3.05)	–	
Purchase of hardware and equipment for establishment of IT infrastructure for the provision of cloud storage and cloud computing services	18.30	1.02	(1.02)	–	
Research and development of advanced and adapted versions of our Group's existing IT products ( <i>Note 1</i> )	6.10	9.38	(7.06)	2.32	31 December 2021
Acquisition of IT business ( <i>Note 2</i> )	–	3.00	–	3.00	31 December 2021
General working capital ( <i>Note 3</i> )	3.05	14.05	(5.51)	8.54	31 March 2022
<b>Total</b>	<b>30.50</b>	<b>30.50</b>	<b>(16.64)</b>	<b>13.86</b>	

Notes:

1. The existing IT products of our Group include Square Intelligence, CUSTPRO and Blackbutton.
2. The acquisition target(s) include companies which possess the Taraf Bumiputera MOF.
3. The unutilised net proceeds of RM11 million were reallocated to general working capital comprising staff costs of RM7.6 million, professional fees of RM1.5 million, finance costs of RM0.1 million and others of RM1.8 million.

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2021 (2020: 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 Appendix 15 to the GEM Listing Rules.

During the six months ended 31 May 2021, the Company had complied with the CG Code, except for the deviation as stated below:

#### **Code Provision A.2.1**

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated 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 A.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 A.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 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 six months ended 31 May 2021.

## **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 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.

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. During the six months ended 31 May 2021, 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. The maximum entitlement of each participant and the exercise price shall be in accordance with the GEM Listing Rules. Details of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” of the section headed “Statutory and General Information” of 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 31 May 2021, 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 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	Capacity and nature of interest	Number of shares interested (Note 2)	Percentage of the Company's issued share capital
Mr. Chong Yee Ping (Note 1)	Interests of controlled corporation and person acting in concert	196,560,000 (L)	50.4%
Mr. Siah Jiin Shyang (Note 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, at 31 May 2021, 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, at no time during the six months ended 31 May 2021 was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement that would 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.

#### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors are aware, at 31 May 2021, 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 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.

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

<b>Name of substantial shareholders</b>	<b>Capacity and nature of interest</b>	<b>Number of shares interested</b> <i>(Note 2)</i>	<b>Percentage of the Company's issued share capital</b>
Delicate Edge Limited <i>(Note 1)</i>	Beneficial owner and person acting in concert	196,560,000 (L)	50.4%
King Nordic Limited <i>(Note 1)</i>	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, at 31 May 2021, 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 at 31 May 2021 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 executed 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 were set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The independent non-executive Directors of the Company 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 from the Listing up to the date of this announcement.

## **INTERESTS OF COMPLIANCE ADVISER**

During the six months ended 31 May 2021, VBG Capital Limited ("VBG") acted as the compliance adviser of the Company. Save as the compliance adviser agreement entered into between the Company and VBG, neither VBG nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

The compliance adviser agreement was terminated on 28 February 2021, and VBG ceased to be the compliance adviser with effect from the same day.

## 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 C.3 of CG Code and Corporate Governance Report 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 six months ended 31 May 2021 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosures have been made in respect thereof.

By Order of the Board  
**Mindtell Technology Limited**  
**Chong Yee Ping**  
*Chairman*

Hong Kong, 12 July 2021

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) 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).*