

# **MINDTELL TECHNOLOGY LIMITED**

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

**(Stock Code: 8611)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MAY 2019**

### **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.*

## UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31 May 2019, together with the comparative unaudited figures for the corresponding period in 2018, as follows:

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

*For the three months and six months ended 31 May 2019*

	<i>Notes</i>	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
		<b>For the three months ended 31 May</b>		<b>For the six months ended 31 May</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	4	<b>4,640</b>	18,312	<b>10,437</b>	27,483
Cost of services and materials sold		<u><b>(3,450)</b></u>	<u>(10,728)</u>	<u><b>(6,622)</b></u>	<u>(14,739)</u>
Gross profit		<b>1,190</b>	7,584	<b>3,815</b>	12,744
Other income	5	<b>145</b>	27	<b>155</b>	27
Administrative expenses		<b>(2,001)</b>	(422)	<b>(2,591)</b>	(1,054)
Finance costs	6	<b>(21)</b>	(12)	<b>(36)</b>	(27)
Listing expenses		<u>—</u>	<u>(1,462)</u>	<u>—</u>	<u>(3,281)</u>
<b>(Loss) Profit before income tax</b>	6	<b>(687)</b>	5,715	<b>1,343</b>	8,409
Income tax credit (expenses)	7	<u><b>46</b></u>	<u>43</u>	<u><b>(68)</b></u>	<u>(504)</u>
<b>(Loss) Profit for the period</b>		<b>(641)</b>	5,758	<b>1,275</b>	7,905
<b>Other comprehensive income</b>		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive (loss) income for the period</b>		<u><b>(641)</b></u>	<u>5,758</u>	<u><b>1,275</b></u>	<u>7,905</u>
<b>(Losses) Earnings per share, basic and diluted (RM cents)</b>	8	<u><b>(0.16)</b></u>	<u>2.11</u>	<u><b>0.33</b></u>	<u>2.90</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2019

		(Unaudited) 31 May 2019 <i>RM'000</i>	(Audited) 30 November 2018 <i>RM'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		2,037	1,578
Intangible assets		1,827	129
		<u>3,864</u>	<u>1,707</u>
<b>Current assets</b>			
Trade and other receivables	<i>10</i>	11,609	5,065
Contract assets	<i>11</i>	5,355	—
Gross amounts due from contract customers	<i>11</i>	—	4,658
Restricted bank balances	<i>12</i>	334	525
Time deposits with original maturity over three months		17,359	—
Bank balances and cash		5,649	33,784
		<u>40,306</u>	<u>44,032</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	5,517	10,339
Contract liabilities	<i>11</i>	1,430	—
Gross amounts due to contract customers	<i>11</i>	—	57
Income tax payables		2,119	2,038
Interest-bearing borrowings	<i>14</i>	876	894
Obligations under finance leases	<i>15</i>	114	24
		<u>10,056</u>	<u>13,352</u>
<b>Net current assets</b>		<u>30,250</u>	<u>30,680</u>
<b>Total assets less current liabilities</b>		<u>34,114</u>	<u>32,387</u>

		<b>(Unaudited)</b>	(Audited)
		<b>31 May</b>	30 November
		<b>2019</b>	2018
	<i>Notes</i>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>9</b>	9
Obligations under finance leases	<i>15</i>	<b>558</b>	106
		<u><b>567</b></u>	<u>115</u>
<b>NET ASSETS</b>		<u><b>33,547</b></u>	<u>32,272</u>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>2,067</b>	2,067
Reserves		<b>31,480</b>	30,205
<b>TOTAL EQUITY</b>		<u><b>33,547</b></u>	<u>32,272</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and six months ended 31 May 2019*

## 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 2019 (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 2018, 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 2018 (the "2018 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 2018 Financial Statements except for the adoption of the new / revised IFRSs further described in the "Adoption of new / revised IFRSs" section which are relevant to the Group and effective for the Group's financial year beginning on 1 December 2018.

## **Completion of reorganisation**

Immediately before and after the group reorganisation (the “Reorganisation”) as set out in the paragraph headed “Reorganisation” of the section headed “History, Development and Reorganisation” to the prospectus issued by the Company dated 29 September 2018 (the “Prospectus”), the Company and its subsidiaries now comprising the Group were under the common control of the ultimate controlling parties (i.e. Mr. Chong Yee Ping and Mr. Siah Jiin Shyang). Accordingly, the Reorganisation has been accounted for by using merger accounting as detailed in the paragraph headed “Merger accounting for business combination involving entities under common control” in Note 2 to the 2018 Financial Statements. Accordingly, the financial information presented in the Interim Financial Statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate controlling parties.

## **Adoption of new / revised IFRSs**

Except for IFRS 9 and IFRS 15, the adoption of other new / revised IFRSs that are relevant to the Group and effective from the current period had no material impacts on the Group’s consolidated financial statements for the current and prior periods.

### ***IFRS 9: Financial Instruments***

The following terms are used in these condensed consolidated financial statements:

- FVPL: fair value through profit or loss
- FVOCI: fair value through other comprehensive income
- Designated FVOCI: equity instruments measured at FVOCI
- Mandatory FVOCI: debt instruments measured at FVOCI

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and hedge accounting.

In accordance with the transitional provisions in IFRS 9, comparative information has not been restated and the Group has applied IFRS 9 retrospectively to financial instruments that existed at 1 December 2018 (i.e. the date of initial application), except as described below (if applicable):

- (a) The following assessments are made on the basis of facts and circumstances that existed at the date of initial application:
  - (i) the determination of the business model within which a financial asset is held;
  - (ii) the designation of financial assets or financial liabilities at FVPL or, in case of financial assets, at Designated FVOCI; and
  - (iii) the de-designation of financial assets or financial liabilities at FVPL.

The above resulting classification shall be applied retrospectively.

- (b) If, at the date of initial application, determining whether there has been a significant increase in credit risk since initial recognition would require undue cost or effort, a loss allowance is recognised at an amount equal to lifetime expected credit losses at each reporting date until the financial instrument is derecognised unless that financial instrument has low credit risk at a reporting date.
- (c) For investments in equity instruments that were measured at cost under IAS 39, the instruments are measured at fair value at the date of initial application.

#### *Classification and measurement of financial assets and financial liabilities*

Except for the reclassification of financial assets under the measurement category of “Loans and receivables” under IAS 39 into “Amortised costs” under IFRS 9 which the accounting treatments would have no material difference, the adoption of IFRS 9 has no significant effect on the classification and measurement of the Group’s financial assets and liabilities.

In addition, there were no effects of transition to IFRS 9 on the carrying amounts of financial assets and liabilities under IAS 39 based on the measurement category under IFRS 9 on 1 December 2018.

#### *Impairment of financial assets and other items under IFRS 9*

The adoption of IFRS 9 has no significant effect on the measurement of credit risk of financial assets. No loss allowance was recognised on 1 December 2018 upon initial application of IFRS 9.

#### ***IFRS 15: Revenue from Contracts with Customers***

IFRS 15 replaces, among others, IAS 18 and IAS 11 which specified the revenue recognition arising from sale of goods and rendering of services and the accounting for construction contracts respectively. The standard establishes a comprehensive framework for revenue recognition and certain costs from contracts with customers within its scope. It also introduces a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The Group has elected to apply the cumulative effect transition method and recognised the cumulative effect of initial adoption as an adjustment to the opening balance of components of equity at 1 December 2018 (i.e. the date of initial application). Therefore, the comparative information has not been restated for the effect of IFRS 15.

In addition, the Group has applied IFRS 15 retrospectively only to contracts that were not completed at 1 December 2018 in accordance with the transitional provisions therein.

The following tables show how the amounts at 31 May 2019 reported under IFRS 15 would be affected if IFRS 15 were not adopted:

	<b>Amounts reported if IFRS 15 were not adopted RM'000</b>	<b>Adjustments RM'000</b>	<b>Amounts reported under IFRS 15 RM'000</b>
<b>At 31 May 2019 (Unaudited)</b>			
Contract assets	—	5,355	5,355
Gross amounts due from contract customers	5,355	(5,355)	—
Contract liabilities	—	(1,430)	(1,430)
Gross amounts due to contract customers	(1,430)	1,430	—

#### *Timing of revenue recognition*

##### System integration and development services — Services provided

Before the adoption of IFRS 15, the Group recognised such revenue by reference to the stage of completion. Under IFRS 15, the revenue remains to be recognised over time because the customers simultaneously receives and consumes the benefits provided by the Group's services and performance.

##### System integration and development services — Sales of externally acquired / purchased hardware and software

Before the adoption of IFRS 15, the Group recognised such revenue on transfer of risks and rewards of ownership, which generally coincides with the time when goods were delivered to customers and the title was passed. Under IFRS 15, the Group remains to recognise the revenue on these sales at a point in time.

##### IT outsourcing services / Maintenance and consultancy services

Before the adoption of IFRS 15, the Group recognised revenue arising from IT outsourcing services when services are rendered and maintenance services over time on a straight-line basis over the life of the related agreements. Under IFRS 15, the revenue remains to be recognised over time because the customers simultaneously receives and consumes the benefits provided by the Group's services and performance.

Except as disclosed, the adoption of the IFRS 15 does not have any significant impact on the consolidated financial statements.

#### **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. Except for the impact of IFRS 16 as set out in the 2018 Financial Statements, 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, listing expenses 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 2019 and 2018 is as follows:

	<b>System integration and development services RM'000</b>	<b>IT outsourcing services RM'000</b>	<b>Maintenance and consultancy services RM'000</b>	<b>Total RM'000</b>
<b>For the six months ended 31 May 2019 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>9,776</u>	<u>422</u>	<u>239</u>	<u>10,437</u>
Reportable segment results	<u>3,534</u>	<u>171</u>	<u>110</u>	<u>3,815</u>
<i>Other information:</i>				
Amortisation	<u>132</u>	<u>—</u>	<u>—</u>	<u>132</u>
Addition of intangible assets	<u>1,830</u>	<u>—</u>	<u>—</u>	<u>1,830</u>
<b>For the six months ended 31 May 2018 (Unaudited)</b>				
Revenue from external customers and reportable segment revenue	<u>25,346</u>	<u>864</u>	<u>1,273</u>	<u>27,483</u>
Reportable segment results	<u>11,500</u>	<u>497</u>	<u>747</u>	<u>12,744</u>
<i>Other information:</i>				
Amortisation	<u>131</u>	<u>—</u>	<u>—</u>	<u>131</u>
Research and development expenses	<u>469</u>	<u>—</u>	<u>—</u>	<u>469</u>

## Reconciliation of reportable segment results

	(Unaudited)	
	For the six months ended	
	31 May	
	2019	2018
	<i>RM'000</i>	<i>RM'000</i>
Reportable segment results	3,815	12,744
Unallocated income and expenses:		
Other income	155	27
Administrative expenses	(2,591)	(1,054)
Finance costs	(36)	(27)
Listing expenses	—	(3,281)
	<hr/>	<hr/>
Profit before income tax	1,343	8,409
Income tax expenses	(68)	(504)
	<hr/>	<hr/>
Profit for the period	<u>1,275</u>	<u>7,905</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 and intangible assets ("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, the location of operation to 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	
	2019	2018
	<i>RM'000</i>	<i>RM'000</i>
Indonesia	—	70
Malaysia	10,424	27,252
Singapore	13	81
United Kingdom	—	80
	<hr/>	<hr/>
	<u>10,437</u>	<u>27,483</u>

(b) *Specific Non-current Assets*

At 31 May 2019 and 30 November 2018, all 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
System integration and development services:				
Services provided	<b>4,091</b>	16,117	<b>9,012</b>	24,095
Sales of externally acquired / purchased hardware and software	<b>207</b>	1,251	<b>764</b>	1,251
	<b>4,298</b>	17,368	<b>9,776</b>	25,346
IT outsourcing services	<b>210</b>	388	<b>422</b>	864
Maintenance and consultancy services	<b>132</b>	556	<b>239</b>	1,273
	<b>4,640</b>	18,312	<b>10,437</b>	27,483

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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	<b>141</b>	27	<b>150</b>	27
Others	<b>4</b>	—	<b>5</b>	—
	<b>145</b>	27	<b>155</b>	27

## 6. (LOSS) PROFIT BEFORE INCOME TAX

This is stated after charging:

	<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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Finance costs</b>				
Interest expenses on interest-bearing borrowings	11	8	22	22
Finance charges on obligations under finance leases	10	4	14	5
	<u>21</u>	<u>12</u>	<u>36</u>	<u>27</u>
<b>Other items</b>				
Amortisation of intangible assets, included in administrative expenses	74	66	132	131
Auditors' remuneration	—	—	14	—
Cost of materials sold	2	1,157	502	1,157
Depreciation of property, plant and equipment	101	39	211	103
Operating lease expenses	36	—	79	—
Research and development expenses	—	325	—	469
	<u>—</u>	<u>325</u>	<u>—</u>	<u>469</u>

## 7. INCOME TAX CREDIT (EXPENSES)

	<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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax</b>				
Malaysia corporate income tax ("Malaysia CIT")	46	44	(68)	(502)
<b>Deferred tax</b>	—	(1)	—	(2)
<b>Total income tax credit (expenses) for the period</b>	<u>46</u>	<u>43</u>	<u>(68)</u>	<u>(504)</u>

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% (2018: 24%) of the estimated assessable profits for the six months ended 31 May 2019. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (2018: 18%) on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% (2018: 24%) for the six months ended 31 May 2019.

Mixsol Sdn. Bhd. (“Mixsol”) and Tandem Advisory Sdn. Bhd. (“Tandem”) have obtained the pioneer status effective from 23 September 2011 and 7 December 2012, respectively. A pioneer status company is eligible for exemption from income tax on eligible activities and products for five years and subject to submitting a formal request to the Malaysia Investment Development Authority on or prior to expiration date and upon the Ministry of International Trade and Industry confirming that Mixsol and Tandem have 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 subject to next renewal on or prior to 22 September 2021. The renewal of the pioneer status for Tandem has been submitted and is still subject to approval by the relevant authorities at the end of the reporting period.

## 8. (LOSSES) EARNINGS PER SHARE

The calculation of basic and diluted (losses) earnings 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss) Profit for the period attributable to the owners of the Company, used in basic and diluted (losses) earnings per share calculation	<u><b>(641)</b></u>	<u>5,758</u>	<u><b>1,275</b></u>	<u>7,905</u>
	<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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares for basic and diluted (losses) earnings per share calculation	<u><b>390,000,000</b></u>	<u>273,000,000</u>	<u><b>390,000,000</b></u>	<u>273,000,000</u>

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted (losses) earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) to the shareholders had occurred on 1 December 2017.

Diluted (losses) earnings per share are same as the basic (losses) earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 31 May 2019 and 2018.

## 9. DIVIDENDS

The Directors did not recommend a payment of an interim dividend for the six months ended 31 May 2019 (2018: nil).

## 10. TRADE AND OTHER RECEIVABLES

		(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000
	<i>Notes</i>		
<b>Trade receivables from third parties</b>	<i>10(a)</i>	<b>9,763</b>	3,418
<b>Other receivables</b>			
Deposits, prepayments and other receivables	<i>10(b)</i>	<u>1,846</u>	<u>1,647</u>
		<u><b>11,609</b></u>	<u>5,065</u>

### (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 based on invoice date at the end of the reporting period is as follows:

	(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000
Within 30 days	579	470
31 to 60 days	676	98
61 to 90 days	2,251	1,355
91 to 180 days	5,909	1,436
181 to 365 days	290	—
Over 365 days	<u>58</u>	<u>59</u>
	<u><b>9,763</b></u>	<u>3,418</u>

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

Included in deposits, prepayments and other receivables at 31 May 2019 was a prepayment to a company which provides IT outsourcing services to the Group of approximately RM1,700,000 (30 November 2018: approximately RM1,500,000).

**11. CONTRACT ASSETS / LIABILITIES / GROSS AMOUNTS DUE FROM / TO CONTRACT CUSTOMERS**

	(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000
Contracts costs incurred plus recognised profits less recognised losses to date	62,511	67,327
Less: progress billings received and receivable	<u>(58,586)</u>	<u>(62,726)</u>
	<u><u>3,925</u></u>	<u><u>4,601</u></u>
Represented by:		
Amounts due from contract customers	—	4,658
Amounts due to contract customers	—	(57)
Contract assets	5,355	—
Contract liabilities	<u>(1,430)</u>	<u>—</u>
	<u><u>3,925</u></u>	<u><u>4,601</u></u>

At 31 May 2019 and 30 November 2018, no retention was held by customers on service contracts. At 31 May 2019 and 30 November 2018, no advances were received from customers for contract in progress. All the gross amounts due from / to contract customers are expected to be recovered / settled within one year.

**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 2019, the Group had utilised approximately RM334,000 (30 November 2018: approximately RM525,000) 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 2019 <i>RM'000</i>	(Audited) 30 November 2018 <i>RM'000</i>
<b>Trade payables from third parties</b>	<u>1,626</u>	<u>1,936</u>
<b>Other payables</b>		
Accruals and other payables	1,940	2,735
Accrued listing expenses	<u>1,951</u>	<u>5,668</u>
	<u>3,891</u>	<u>8,403</u>
	<u><u>5,517</u></u>	<u><u>10,339</u></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 2019 <i>RM'000</i>	(Audited) 30 November 2018 <i>RM'000</i>
Within 30 days	1,510	—
31 to 60 days	—	—
61 to 90 days	—	—
91 to 180 days	6	1,576
181 to 365 days	36	360
Over 365 days	<u>74</u>	<u>—</u>
	<u><u>1,626</u></u>	<u><u>1,936</u></u>

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

## 14. INTEREST-BEARING BORROWINGS

	(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000
Interest-bearing borrowings (secured)	<u>876</u>	<u>894</u>
Carrying amounts of interest-bearing borrowings that are repayable (Note)		
Within one year	37	36
One to two years	39	38
Two to five years	127	124
Over five years	<u>673</u>	<u>696</u>
	<u>876</u>	<u>894</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 16.5 years at 31 May 2019.

At 31 May 2019 and 30 November 2018, 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 2019 is 4.9% (30 November 2018: 4.8%) 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 RM1,265,000 at 31 May 2019 (30 November 2018: approximately RM1,279,000); and
- (ii) guarantees provided by the ultimate controlling parties.

The Group is in the process of releasing the above guarantees provided by the ultimate controlling parties by replacement of corporate guarantees provided by the Company in favour of the bank or repaying the interest-bearing borrowings.

## 15. OBLIGATIONS UNDER FINANCE LEASES

At the end of the reporting period, the Group had obligations under finance leases repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000	(Unaudited) 31 May 2019 RM'000	(Audited) 30 November 2018 RM'000
Amount payable:				
Within one year	149	29	114	24
One to two years	149	29	120	25
Two to five years	409	84	365	76
Over five years	78	5	73	5
	<u>785</u>	<u>147</u>	<u>672</u>	<u>130</u>
Future finance charges	<u>(113)</u>	<u>(17)</u>		
Present value of lease obligations	<u><u>672</u></u>	<u><u>130</u></u>		
<i>Less:</i> Amounts due for settlement within 12 months			<u>(114)</u>	<u>(24)</u>
Amounts due for settlement after 12 months			<u><u>558</u></u>	<u><u>106</u></u>

The Group leased three motor vehicles under finance leases with lease term ranged from 60 to 108 months. They are secured by the lessor's charge over the leased assets. At 31 May 2019, the effective interest rate for the obligations under finance leases ranged from 4.19% to 4.43% (30 November 2018: 3.7%) per annum.

## 16. SHARE CAPITAL

	<i>Notes</i>	Number of shares	<i>HK\$</i>	Equivalent to RM
Ordinary shares of HK\$0.01 each				
Authorised:				
At 27 February 2018 (date of incorporation)		38,000,000	380,000	197,600
Increase	<i>(iv)</i>	<u>1,962,000,000</u>	<u>19,620,000</u>	<u>10,398,600</u>
<b>At 30 November 2018 and 31 May 2019</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 27 February 2018 (date of incorporation)	<i>(i)</i>	2	0.02	—*
Issuance of shares under the Reorganisation	<i>(iii)</i>	9,998	99.98	53
Capitalisation Issue	<i>(v)</i>	272,990,000	2,729,900.00	1,446,847
Issuance of shares by ways of placing and public offer	<i>(vi)</i>	<u>117,000,000</u>	<u>1,170,000.00</u>	<u>620,100</u>
<b>At 30 November 2018 and 31 May 2019</b>		<b><u>390,000,000</u></b>	<b><u>3,900,000.00</u></b>	<b><u>2,067,000</u></b>

\* Represented amount less than RM1.

### *Notes:*

- (i) Upon incorporation, 2 ordinary shares were allotted and issued to Mr. Chong Yee Ping and Mr. Siah Jiin Shyang at par value.
- (ii) On 12 September 2018, Mr. Chong Yee Ping transferred the one nil-paid share to Delicate Edge Limited (“Delicate Edge”) and Mr. Siah Jiin Shyang transferred the one nil-paid Share to King Nordic Limited (“King Nordic”), both at nil consideration.
- (iii) On 13 September 2018, a sale and purchase agreement was entered into between (i) Mr. Chong Yee Ping; (ii) Mr. Siah Jiin Shyang; (iii) Mr. Liu Yan Chee James and Mr. Lam Pang (collectively referred to as the “Pre-IPO Investors”); and (iv) the Company, pursuant to which the Company acquired the 5,000, 5,000 and 3,890 shares of Excel Elite that were legally and beneficially owned by Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, and the Pre-IPO Investors respectively (being the entire issued share capital of Excel Elite), at a consideration of US\$13,890 to be satisfied in full by the Company crediting two nil-paid shares of the Company held by Delicate Edge and King Nordic as fully paid up and issuing and allotting 3,599, 3,599, 1,400 and 1,400 shares of the Company to Delicate Edge (as directed by Mr. Chong Yee Ping), King Nordic (as directed by Mr. Siah Jiin Shyang), Mr. Liu Yan Chee James and Mr. Lam Pang, respectively. Due to the fact that the issuance of shares is only a step of the Reorganisation, the shares of the Company as issued were recorded at par value.

- (iv) On 19 September 2018, the authorised share capital of the Company was increased by HK\$19,620,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each.
- (v) On 22 October 2018, 272,990,000 shares of HK\$0.01 each were issued and allotted to the then shareholders of the Company in proportion to their shareholdings in the Company, credited as fully paid at par by way of capitalisation of the sum of HK\$2,729,900 standing to be credit of the share premium account of the Company (the “Capitalisation Issue”).
- (vi) On 22 October 2018, the Company issued and allotted a total of 117,000,000 shares by ways of placing and public offer for 105,300,000 shares and 11,700,000 shares, respectively, of HK\$0.01 each at the offer price of HK\$0.62 per share by ways of placing and public offer.

## **17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements were approved and authorised for issue by the Board on 10 July 2019.

## **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 system integration and development services, IT outsourcing services and maintenance and consultancy services.

The successful listing of the Company's shares (the "Shares") on GEM of the Stock Exchange on 22 October 2018 was an important milestone for the Group, enhancing our capital strength and reinforcing the Group's resources for future development.

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue was derived from three principal sources, 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 2019, the Group recorded a decrease in total revenue by approximately 62.0% to approximately RM10.4 million (six months ended 31 May 2018: approximately RM27.5 million). The decrease in revenue was mainly attributable to the implementation phase of the existing large-scale IT projects of the Group, including Project W (as defined in the Prospectus), which have been substantially completed, and thus the revenue contribution by these projects decreased.

The Group is currently going through its business cycle of bidding new projects. During the six months ended 31 May 2019, its resources were focused on completing existing engagements on hand and tender bidding processes in order to secure future revenue streams.

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 decreased by approximately 61.4% from approximately RM25.3 million for the six months ended 31 May 2018 to approximately RM9.8 million for the six months ended 31 May 2019.

The decrease in revenue was mainly attributable to the decrease in revenue recognised by Project W attributable to the Group's largest customer, Customer D (as defined in the Prospectus).

The Group serves as a subcontractor of Customer D to implement a system providing portal services that allow members of a social security organisation in Malaysia to perform application, contribution, claim and other related activities. Project W was commenced in December 2016. For the six months ended 31 May 2019, the Group recognised revenue of approximately RM2.2 million (six months ended 31 May 2018: approximately RM21.5 million) from Project W. At 31 May 2019, over 80% of Project W has been completed and has accounted for aggregate revenue of approximately RM58.8 million and the whole project is expected to be completed in or around July 2020.

### *IT outsourcing services*

For IT outsourcing services, the revenue decreased by approximately 51.2% from approximately RM864,000 for the six months ended 31 May 2018 to approximately RM422,000 for the six months ended 31 May 2019. The decrease in revenue was mainly due to the decrease in the number of IT outsourcing projects.

### *Maintenance and consultancy services*

For maintenance and consultancy services, the revenue decreased by approximately 81.2% from approximately RM1.3 million for the six months ended 31 May 2018 to approximately RM239,000 for the six months ended 31 May 2019. The decrease in revenue was mainly attributable to scale-down of projects by customers.

### **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</b>	
	<b>ended 31 May</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>10,437</b>	27,483
Cost of services and materials sold	<b>(6,622)</b>	(14,739)
Gross profit	<b>3,815</b>	12,744
Gross profit margin	<b>36.6%</b>	46.4%

The gross profit decreased by approximately 70.1%, from approximately RM12.7 million for the six months ended 31 May 2018 to approximately RM3.8 million for the six months ended 31 May 2019. The decrease in gross profit was consistent with the decrease in revenue as set out above.

The gross profit margin decreased from approximately 46.4% for the six months ended 31 May 2018 to approximately 36.6% for the six months ended 31 May 2019. Such decrease was due to the increase in cost of services and materials sold outran the increase in revenue resulting from the increase in purchase costs and staff costs of IT specialists for the six months ended 31 May 2019.

### **Administrative expenses**

Administrative expenses increased by approximately 145.8% from approximately RM1.1 million for the six months ended 31 May 2018 to approximately RM2.6 million for the six months ended 31 May 2019. The increase was primarily due to additional administrative expenses including directors' emolument and legal and professional fees after the Listing.

### **Finance costs**

The finance costs increased by approximately 33.3% from approximately RM27,000 for the six months ended 31 May 2018 to approximately RM36,000 for the six months ended 31 May 2019. The increase was primarily due to increase in the number of motor vehicles leased under finance leases.

### **Income tax expenses**

The income tax expenses decreased from approximately RM504,000 for the six months ended 31 May 2018 to approximately RM68,000 for the six months ended 31 May 2019. The decrease was mainly due to the decrease in profit of a subsidiary, Concorde Technology Sdn. Bhd., for the six months ended 31 May 2019, the profit of which is subject to Malaysia corporate income tax.

### **Profit for the period**

The profit for the period decreased by approximately 83.9% from approximately RM7.9 million for the six months ended 31 May 2018 to approximately RM1.3 million for the six months ended 31 May 2019.



Excluding non-recurring listing expenses, the profit for the period decreased by approximately 88.6% from approximately RM11.2 million for the six months ended 31 May 2018 to approximately RM1.3 million for the six months ended 31 May 2019, as analysed below:

	<b>(Unaudited)</b>	
	<b>For the six months</b>	
	<b>ended 31 May</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Profit for the period	1,275	7,905
<i>Add:</i> Listing expenses	—	3,281
	<u>1,275</u>	<u>11,186</u>

The decrease in the profit was mainly attributable to the decrease in revenue and increase in administrative expenses as analysed above.

## **LIQUIDITY AND CAPITAL RESOURCES**

At 31 May 2019, the total borrowings of the Group amounted to approximately RM1.5 million (30 November 2018: approximately RM1.0 million) which represented interest-bearing borrowings and obligations under finance leases. Details on the effective interest rate and maturity profile of the Group's total borrowings are set out in Notes 14 and 15 to the Interim Financial Statements.

At 31 May 2019, the gearing ratio of the Group was 4.6% (30 November 2018: 3.2%). Gearing ratio is calculated based on total borrowings divided by total equity as at the end of the relevant period.

At 31 May 2019, the Group's net current assets amounted to approximately RM30.2 million (30 November 2018: approximately RM30.7 million). The current ratio of the Group was approximately 4.0 times (30 November 2018: approximately 3.3 times).

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 2019, the Group did not have any significant contingent liabilities (30 November 2018: nil).

## **CAPITAL COMMITMENTS**

At 31 May 2019, the Group did not have significant capital commitments contracted but not provided for (30 November 2018: nil).

## **SIGNIFICANT INVESTMENTS HELD**

At 31 May 2019, the Group did not have any significant investments (30 November 2018: nil).

## **PLEDGE OF ASSETS**

At 31 May 2019, 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 RM334,000 (30 November 2018: approximately RM525,000) as set out in Note 12 to the unaudited condensed consolidated financial statements.

At 31 May 2019 and 30 November 2018, the interest-bearing borrowings were secured by properties owned by the Group with aggregate net carrying amount of approximately RM1.3 million as set out in Note 14(i) to the unaudited condensed consolidated financial statements.

## **PROSPECTS**

The Group is confident of its future prospects and believes that the Listing would enhance the Group's brand awareness and publicity on an international level and help to attract new potential local and international customers. To enhance the quality of services and expand its business, the Group actively pursues the following business strategies: (i) to be a major IT solution provider to the Digital Free Trade Zone in Malaysia; (ii) to capture new growth opportunities through its successful product, Square Intelligence; (iii) leveraging on the business networks of the Pre-IPO Investors to introduce IT products in the PRC into Malaysia, and diversifying its service offerings to its customers.

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

During the six months ended 31 May 2019, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board believes that all the major risk factors relevant to the Group have already been disclosed in the section headed "Risk factors" of the Prospectus. Please refer thereto for more information.

## **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 public 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 intends to apply the 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, which are as follows:

- approximately RM3.05 million (equivalent to approximately HK\$5.86 million), representing approximately 10% of the net proceeds, for strengthening our technical team by recruiting more IT specialists
- approximately RM18.3 million (equivalent to approximately HK\$35.2 million), representing approximately 60% of the net proceeds, for purchase of hardware and equipment for establishment of IT infrastructure for the provision of cloud storage and cloud computing services
- approximately RM6.1 million (equivalent to approximately HK\$11.7 million), representing approximately 20% of the net proceeds, for research and development of advanced and adapted versions of our Group’s existing IT products
- approximately RM3.05 million (equivalent to approximately HK\$5.86 million), representing approximately 10% of the net proceeds, as general working capital

As at the date of this announcement, there were no changes of the business plans from those disclosed in the Prospectus.

As at 31 May 2019, the net proceeds had been utilised as follows:

	<b>Net proceeds from the public offer <i>RM million</i></b>	<b>Amount utilised as at 31 May 2019 <i>RM million</i></b>	<b>Amount unutilised as at 31 May 2019 <i>RM million</i></b>
Strengthening our technical team by recruiting more IT specialists	3.05	1.05	2.00
Purchase of hardware and equipment for establishment of IT infrastructure for the provision of cloud storage and cloud computing services	18.30	—	18.30
Research and development of advanced and adapted versions of our Group’s existing IT products	6.10	2.35	3.75
General working capital	3.05	3.05	—
	<u>30.50</u>	<u>6.45</u>	<u>24.05</u>

## **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 31 May 2019 (six months ended 31 May 2018: 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 2019, the Company had complied with the CG Code, except for the deviations as stated below:

#### **Code Provision A.1.8**

Under code provision A.1.8 in the CG Code, the Company should arrange appropriate insurance cover in respect of legal action which may be taken against its Directors. The Company has not reached an agreement with an insurer and the insurance cover in respect of legal action which may be taken against the Directors has not been in place until 19 February 2019.

## **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 of the fact 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 appropriate Board committees and senior management. Considering the present size and the scope of business of the Group, the Directors consider 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 Directors consider that the present arrangement is beneficial to and in the interest of the Company and the shareholders as a whole and the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance.

## **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 has complied with the Standard of Dealings from 1 December 2018 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 2019.

## **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 (the "Option") to eligible persons as defined in the Share Option Scheme 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 2019, 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 issued share capital of the Company as at the date of this announcement). 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 2019, 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 Shares or underlying shares of the Company:**

<b>Name of Director</b>	<b>Notes</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares interested</b>	<b>Approximate percentage of the Company's issued share capital</b>
Mr. Chong Yee Ping	(1)	Interests of controlled corporation and person acting in concert	196,560,000 (L)	50.40%
Mr. Siah Jiin Shyang	(1)	Interests of controlled corporation and person acting in concert	196,560,000 (L)	50.40%
Mr. Liu Yan Chee James		Beneficial owner	54,065,000 (L)	13.86%
Mr. Lam Pang		Beneficial owner	38,220,000 (L)	9.80%

*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.

Save as disclosed above, at 31 May 2019, 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 2019 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 2019, the following persons have or are deemed or taken to have an interest and / or short position in the Shares or the underlying Shares 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.

Name of substantial shareholders	Notes	Capacity and nature of interest	Number of Shares interested	Approximate percentage of the Company's issued share capital
Mr. Chong Yee Ping	(1)	Beneficial owner and person acting in concert	196,560,000 (L)	50.40%
Mr. Siah Jiin Shyang	(1)	Beneficial owner and person acting in concert	196,560,000 (L)	50.40%
Mr. Liu Yan Chee James		Beneficial owner	54,065,000 (L)	13.86%
Mr. Lam Pang		Beneficial owner	38,220,000 (L)	9.80%

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.

Save as disclosed above, at 31 May 2019, 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 2019 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 was 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 up to the date of this announcement.

### **INTERESTS OF COMPLIANCE ADVISER**

At 31 May 2019, save as the compliance adviser agreement entered into between the Company and VBG Capital Limited (“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.

## 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 2019 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 and Chief Executive Officer*

Hong Kong, 10 July 2019

*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 Company Announcements" 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 Company's website at [www.mindtellttech.com](http://www.mindtellttech.com).*