

MINDTELL TECHNOLOGY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8611)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 AUGUST 2023

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

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

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

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

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 August 2023, together with the comparative unaudited figures for the corresponding periods of 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 August 2023

	Notes	(Unaudited)		(Unaudited)	
		For the three months		For the nine months	
		ended 31 August	ended 31 August	ended 31 August	ended 31 August
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Revenue	4	2,025	2,162	8,569	9,198
Cost of services and materials sold		<u>(1,707)</u>	<u>(1,287)</u>	<u>(7,099)</u>	<u>(7,104)</u>
Gross profit		318	875	1,470	2,094
Other income	5	58	72	71	78
Administrative expenses		(1,195)	(2,353)	(6,609)	(8,161)
Reversal of impairment loss on trade receivables		1	843	60	934
Finance costs	6	<u>(20)</u>	<u>(21)</u>	<u>(63)</u>	<u>(74)</u>
Loss before income tax	6	(838)	(584)	(5,071)	(5,129)
Income tax expenses	7	–	(39)	–	(39)
Loss for the period		(838)	(623)	(5,071)	(5,168)
Other comprehensive expenses		<u>(11)</u>	<u>–</u>	<u>(29)</u>	<u>–</u>
Total comprehensive loss for the period		<u><u>(849)</u></u>	<u><u>(623)</u></u>	<u><u>(5,100)</u></u>	<u><u>(5,168)</u></u>
Loss per share, basic and diluted (RM cents)	8	<u><u>(0.22)</u></u>	<u><u>(0.16)</u></u>	<u><u>(1.31)</u></u>	<u><u>(1.33)</u></u>

	Reserves					Total RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000	
At 1 December 2022 (Audited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(98)</u>	<u>(26,362)</u>	<u>9,291</u>
Loss for the period and total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(29)</u>	<u>(5,071)</u>	<u>(5,100)</u>
At 31 August 2023 (Unaudited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(127)</u>	<u>(31,433)</u>	<u>4,191</u>
At 1 December 2021 (Audited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(340)</u>	<u>(19,626)</u>	<u>15,785</u>
Loss for the period and total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,168)</u>	<u>(5,168)</u>
At 31 August 2022 (Unaudited)	<u>2,067</u>	<u>28,732</u>	<u>4,952</u>	<u>(340)</u>	<u>(24,794)</u>	<u>10,617</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 August 2023

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 February 2018. The Company's shares were listed on GEM of the Stock Exchange on 22 October 2018 (the "Listing"). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Room 1910, 19/F., CC Wu Building, 302-308 Hennessy Road, Wan Chai, 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 investment holding. 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 nine months ended 31 August 2023 (the "Third Quarterly Financial Statements") are prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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

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

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

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

Future changes in IFRSs

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

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

Segment results represent the gross profit reported by each segment without allocation of other income, administrative expenses, finance costs and income tax expenses. This is the measure reported to the CODM 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 nine months ended 31 August 2023 and 2022 respectively is as follows:

	System integration and development services <i>RM'000</i>	IT outsourcing services <i>RM'000</i>	Maintenance and consultancy services <i>RM'000</i>	Total <i>RM'000</i>
For the nine months ended				
31 August 2023 (Unaudited)				
Revenue from external customers and reportable segment revenue	7,921	457	191	8,569
Reportable segment results	994	284	192	1,470
<i>Other information:</i>				
Amortisation	1,798	–	–	1,798
Addition of intangible assets	118	–	–	118
Reversal of impairment loss on trade receivables	(60)	–	–	(60)
	System integration and development services <i>RM'000</i>	IT outsourcing services <i>RM'000</i>	Maintenance and consultancy services <i>RM'000</i>	Total <i>RM'000</i>
For the nine months ended				
31 August 2022 (Unaudited)				
Revenue from external customers and reportable segment revenue	7,836	1,014	348	9,198
Reportable segment results	1,284	464	346	2,094
<i>Other information:</i>				
Amortisation	3,410	–	–	3,410
Addition of intangible assets	2,805	–	–	2,805
Reversal of impairment loss on trade receivables	(934)	–	–	(934)

Geographical information – Revenue from external customers

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

	(Unaudited)	
	For the nine months ended 31 August	
	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Malaysia	8,569	9,198
Singapore	—	—
	<u>8,569</u>	<u>9,198</u>

4. REVENUE

	(Unaudited)		(Unaudited)	
	For the three months ended 31 August		For the nine months ended 31 August	
	2023 <i>RM'000</i>	2022 <i>RM'000</i>	2023 <i>RM'000</i>	2022 <i>RM'000</i>
System integration and development services:				
Services provided	1,629	1,821	7,216	5,698
Sales of externally acquired/ purchased hardware and software	<u>268</u>	<u>—</u>	<u>705</u>	<u>2,138</u>
	1,897	1,821	7,921	7,836
IT outsourcing services	117	249	457	1,014
Maintenance and consultancy services	<u>11</u>	<u>92</u>	<u>191</u>	<u>348</u>
	<u>2,025</u>	<u>2,162</u>	<u>8,569</u>	<u>9,198</u>
Timing of revenue recognition:				
At a point in time	268	—	705	2,138
Over time	<u>1,757</u>	<u>2,162</u>	<u>7,864</u>	<u>7,060</u>
	<u>2,025</u>	<u>2,162</u>	<u>8,569</u>	<u>9,198</u>

5. OTHER INCOME

	(Unaudited)		(Unaudited)	
	For the three months		For the nine months	
	ended 31 August		ended 31 August	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	23	–	33	5
Exchange gain, net	–	69	1	69
Others	35	3	37	4
	<u>58</u>	<u>72</u>	<u>71</u>	<u>78</u>

6. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	(Unaudited)		(Unaudited)	
	For the three months		For the nine months	
	ended 31 August		ended 31 August	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance costs				
Interest expenses on interest-bearing borrowings	9	8	28	33
Finance charges on lease liabilities	11	13	35	41
	<u>20</u>	<u>21</u>	<u>63</u>	<u>74</u>

	(Unaudited)		(Unaudited)	
	For the three months		For the nine months	
	ended 31 August		ended 31 August	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other items				
Amortisation of intangible assets, included in administrative expenses	387	1,042	1,798	3,410
Auditors' remuneration	13	13	29	13
Cost of materials sold	228	–	848	1,941
Depreciation of property, plant and equipment	119	115	300	329
Depreciation of right-of-use assets	83	72	265	237
	<u>837</u>	<u>1,342</u>	<u>3,240</u>	<u>5,930</u>

7. INCOME TAX EXPENSES

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

Malaysia CIT is calculated at 24% (2022: 24%) of the estimated assessable profits for the nine months ended 31 August 2023. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% (2022: 17%) on the first RM600,000 (2022: RM600,000) and remaining balance of the estimated assessable profits at tax rate of 24% (2022: 24%) for the nine months ended 31 August 2023. No Malaysia CIT has been provided for nine months ended 31 August 2023.

Mixsol Sdn. Bhd. (“Mixsol”) 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 expired on 30 June 2021. Upon the expiration of pioneer status, Mixsol is subject to Malaysia CIT from 1 July 2021 onwards.

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:

	(Unaudited) For the three months ended 31 August		(Unaudited) For the nine months ended 31 August	
	2023	2022	2023	2022
	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>	<i>RM’000</i>
Loss for the period attributable to the owners of the Company, used in basic and diluted loss per share calculation	<u>(838)</u>	<u>(623)</u>	<u>(5,071)</u>	<u>(5,168)</u>
	(Unaudited) For the three months ended 31 August		(Unaudited) For the nine months ended 31 August	
	2023	2022	2023	2022
Weighted average number of ordinary shares for basic and diluted loss per share calculation	<u>390,000,000</u>	<u>390,000,000</u>	<u>390,000,000</u>	<u>390,000,000</u>

8. LOSS PER SHARE (CONTINUED)

Diluted loss per share are the same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the nine months ended 31 August 2023 and 2022.

9. DIVIDENDS

The Directors did not recommend a payment of an interim dividend for the nine months ended 31 August 2023 (2022: nil).

10. APPROVAL OF THE THIRD QUARTERLY FINANCIAL STATEMENTS

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

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 Third Quarterly Financial Statements.

For the nine months ended 31 August 2023, the Group recorded a decrease in total revenue by approximately 6.8% to approximately RM8.6 million (2022: approximately RM9.2 million). The increase in revenue was mainly due to the decrease in revenue from IT outsourcing services and maintenance and consultancy services.

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

System integration and development services

The revenue from system integration and development services remained stable at approximately RM7.9 million for the nine months ended 31 August 2023 (2022: approximately RM7.8 million).

IT outsourcing services

For IT outsourcing services, the revenue decreased by approximately 54.9% to approximately RM0.5 million for the nine months ended 31 August 2023 (2022: approximately RM1.0 million). The decrease in revenue was mainly due to the decrease in the time for outsourcing services rendered.

Maintenance and consultancy services

For maintenance and consultancy services, the revenue decreased by approximately 45.1% to approximately RM191,000 for the nine months ended 31 August 2023 (2022: approximately RM348,000). The decrease in revenue was mainly due to completion or scale down of several maintenance projects.

Gross profit and gross profit margin

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

	(Unaudited)	
	For the nine months ended 31 August	
	2023	2022
	RM'000	RM'000
Revenue	8,569	9,198
Cost of services and materials sold	(7,099)	(7,104)
Gross profit	<u>1,470</u>	<u>2,094</u>
Gross profit margin	<u>17.2%</u>	<u>22.8%</u>

The gross profit decreased from approximately RM2.1 million for the nine months ended 31 August 2022 to approximately RM1.5 million for the nine months ended 31 August 2023. The gross profit margin decreased from approximately 22.8% for the nine months ended 31 August 2022 to approximately 17.2% for the nine months ended 31 August 2023. The decrease was mainly due to the decrease in gross profit margin from system integration and development services.

Administrative expenses

Administrative expenses decreased by approximately 19.0% to approximately RM6.6 million for the nine months ended 31 August 2023 (2022: approximately RM8.2 million). The decrease was attributable to the decrease in the amortisation of intangible assets and netting off the increase in entertainment expenses.

Finance costs

The finance costs remained stable at approximately RM63,000 for the nine months ended 31 August 2023 (2022: approximately RM74,000).

Income tax expenses

As the Group recorded a loss for the nine months ended 31 August 2023, no provision for income tax has been made. (2022: RM39,000).

Loss for the period

The Group recorded a loss and remained stable at approximately RM5.1 million for the nine months ended 31 August 2023 (2022: approximately RM5.2 million).

FUTURE BUSINESS AND DEVELOPMENT PLAN

The Group actively pursues the following business strategies:

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

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

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

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

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

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

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

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

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

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

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

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

The digital banking solution is ready for offering to market. We will conduct active marketing activities such as participation in regional banking technology events, close group forums with local bankers, etc. Sales cycle is normally 12-18 months.

The current market, after the installation of a new coalition government, is still suffering from global economy slowdown due to the interest rate hikes and trade war. It is expected that it will persist to give rise to an uncertain economic environment to the Malaysian market. In the coming years, the information technology industry in Malaysia is expected to remain challenging and competitive.

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

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

The Group has been discussing with various potential technology partners with regards to emerging digital asset business and solution in the Asean region. There has been increasing requests to develop carbon credit exchange & central bank digital currency (CBDC) as a technology delivery & support services.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the nine months ended 31 August 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

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 its 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.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 August 2023 (2022: nil).

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

During the nine months ended 31 August 2023, the Company had complied with the CG Code, except for the deviation as stated below:

Code Provision C.2.1

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be 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 C.2.1 of the CG Code is appropriate in such circumstance.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code as at the date of this announcement, the Board comprises four other experienced and high-calibre individuals including, 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 nine months ended 31 August 2023.

SHARE OPTION SCHEME

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

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

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

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption on 19 September 2018 which shall expire on 18 September 2028. Since the adoption of the Share Option Scheme and up to 31 August 2023, no Option has been granted by the Company. As of the date of this announcement, the Company had 39,000,000 shares available for issue under the Share Option Scheme (representing 10% of the existing issued share capital of the Company as at the date of this announcement). An option may be accepted within 21 days from the date of offer. A sum of HK\$1.00 shall be payable on acceptance. Unless determined by the Directors otherwise, there is no minimum holding period before it can be exercised. Details of the Share Option Scheme are set out in the paragraph headed “Share Option Scheme” of the appendix headed “Statutory and General Information” of the Prospectus.

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

At 31 August 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 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)	Approximate 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 (resigned on 9 June 2023)	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 August 2023, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” and “Share Option Scheme” above, at no time during the nine months ended 31 August 2023 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 August 2023, the following persons have or are deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of 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:

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

Notes:

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

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

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

Save as disclosed above, at 31 August 2023, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies at 31 August 2023 which may, directly or indirectly, compete with the Group's business.

DEED OF NON-COMPETITION

Mr. Chong Yee Ping, Mr. Siah Jiin Shyang, Delicate Edge Limited and King Nordic Limited, being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, have 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.

AUDIT COMMITTEE

The Audit Committee was established on 19 September 2018. The Chairman of the Audit Committee is Mr. Siew Kin Meng (re-designated as Chairman of the Audit Committee on 1 June 2023) and Ms. Ho Suet Man Stella (resigned on 1 June 2023), the independent non-executive Directors, and other members include Dato’ Yeong Kok Hee (appointed on 2 May 2023), Mr. Siew Kin Meng (appointed on 2 May 2023 and re-designated as Chairman of the Audit Committee on 1 June 2023), Ms. Lau Meng Hong (appointed on 1 September 2023), Mr. Chan San Ping (resigned on 2 May 2023) and Mr. Su Chi Wen (resigned on 2 May 2023), the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

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.

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 nine months ended 31 August 2023 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.

On behalf of the Board
Mindtell Technology Limited
Chong Yee Ping
Chairman

Hong Kong, 12 October 2023

As at the date of this announcement, the executive Director is Mr. Chong Yee Ping; the non-executive Directors are Mr. Siah Jiin Shyang and Mr. Lam Pang; and the independent non-executive Directors are Dato' Yeong Kok Hee, Mr. Siew Kin Meng and Ms. Lau Meng Hong.

This announcement, for which the Directors 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 of Hong Kong Limited 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.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least seven days after the date of publication and on the website of the Company at www.mindtelltech.com.