MINDTELL TECHNOLOGY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8611)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 NOVEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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This announcement, for which the 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.

ANNUAL RESULTS

The board of Directors (the "Board") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 November 2018, together with the comparative figures for the year ended 30 November 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 November 2018

	Notes	2018 RM'000	2017 RM'000
Revenue	4	**47,581**	38,929
Cost of services and materials sold		**(23,430)**	(17,344)
Gross profit		**24,151**	21,585
Other income	5	**324**	—
Administrative expenses		**(4,352)**	(3,437)
Finance costs	6	**(52)**	(49)
Listing expenses		**(9,805)**	(1,495)
Profit before income tax	6	**10,266**	16,604
Income tax expenses	7	**(2,414)**	(71)
Profit for the year		**7,852**	16,533
Other comprehensive income		**—**	—
Total comprehensive income for the year		**7,852**	16,533
Earnings per share, basic and diluted (RM cents)	8	**2.75**	6.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 November 2018

	Notes	2018 RM'000	2017 RM'000
Non-current assets			
Property, plant and equipment		**1,578**	1,728
Intangible assets		**129**	391
		1,707	2,119
Current assets			
Trade and other receivables	*10*	**5,065**	11,188
Gross amounts due from contract customers	*11*	**4,658**	1,280
Due from directors		**—**	7,782
Restricted bank balances		**525**	762
Bank balances and cash		**33,784**	2,777
		44,032	23,789
Current liabilities			
Trade and other payables	*12*	**10,339**	5,306
Gross amounts due to contract customers	*11*	**57**	15,582
Income tax payables		**2,038**	23
Interest-bearing borrowings		**894**	928
Obligations under finance leases		**24**	22
		13,352	21,861
Net current assets		**30,680**	1,928
Total assets less current liabilities		**32,387**	4,047
Non-current liabilities			
Deferred tax liabilities		**9**	7
Obligations under finance leases		**106**	129
		115	136
NET ASSETS		**32,272**	3,911
Capital and reserves			
Share capital	*13*	**2,067**	—
Reserves		**30,205**	3,911
TOTAL EQUITY		**32,272**	3,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 November 2018

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

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 of Hong Kong Limited (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 is changed from 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong to 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.

Pursuant to a group reorganisation (the "Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 13 September 2018. Details of the Reorganisation are 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 Reorganisation involved the combination of a number of entities under common control before and after the Reorganisation. The Group is therefore regarded as a continuing entity resulting from the Reorganisation, as there has been a continuation of the risks and benefits to the ultimate controlling parties (i.e. Mr. Chong Yee Ping and Mr. Siah Jiin Shyang) that existed immediately prior to and after the Reorganisation. Accordingly, the consolidated financial statements for the year ended 30 November 2018 (and the comparative information for the year ended 30 November 2017) have been prepared using the principles of the merger accounting.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 30 November 2018 and 2017 have been prepared on the basis as if the current group structure has been in existence throughout the relevant years, or since their respective dates of incorporation or establishment, where there is a shorter period. The consolidated statement of financial position of the Group as at 30 November 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence at that date.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

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

The Group has consistently applied all IFRSs which are effective for the Group's financial year beginning on 1 December 2016 for the consolidated financial statements except for the adoption of the new / revised IFRSs that are relevant to the Group and effective from the current year as set out below.

Adoption of new / revised IFRSs

Amendments to IAS 7: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of the amendments results in the additional disclosures for reconciliation on both changes arising from cash flows and non-cash changes in liabilities arising from financing activities in the consolidated financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify, among others, how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Annual Improvements 2014-2016 Cycle: IFRS 12 — Clarification of the scope

The amendments clarify that except for the summarised financial information for subsidiaries, joint ventures and associates in which the interests are classified or included in a disposal group that is classified as held for sale in accordance with IFRS 5, the requirements of IFRS 12 apply to interests in entities within the scope of IFRS 5.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

Basis of consolidation / combinations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are consolidated / combined from the date on which the Group obtains control and continue to be consolidated / combined until the date that such control ceases.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements 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.

The net assets of the combining entities or businesses are combined using the existing carrying values from the ultimate controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the ultimate controlling parties' interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recorded have been recognised directly in equity as part of the capital reserve. The consolidated financial statements includes the results of each of the combining entities or businesses from the date of incorporation / establishment or, if later, since the date when the combining entities or businesses first came under the common control, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previous separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

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 years ended 30 November 2018 and 2017 is as follows:

	System integration and development services *RM'000*	**IT outsourcing services** *RM'000*	**Maintenance and consultancy services** *RM'000*	**Total** *RM'000*
Year ended 30 November 2018				
Revenue from external customers and reportable segment revenue	**44,468**	**1,495**	**1,618**	**47,581**
Reportable segment results	**22,475**	**851**	**825**	**24,151**
Other information:				
Amortisation	**262**	**—**	**—**	**262**
Research and development expenses	**1,313**	**—**	**—**	**1,313**
Year ended 30 November 2017				
Revenue from external customers and reportable segment revenue	34,634	1,451	2,844	38,929
Reportable segment results	18,599	1,064	1,922	21,585
Other information:				
Amortisation	291	—	—	291
Addition of intangible assets	238	—	—	238

Reconciliation of reportable segment results

	2018 *RM'000*	2017 *RM'000*
Reportable segment results	**24,151**	21,585
Unallocated income and expenses:		
Other income	**324**	—
Administrative expenses	**(4,352)**	(3,437)
Finance costs	**(52)**	(49)
Listing expenses	**(9,805)**	(1,495)
Profit before income tax	**10,266**	16,604
Income tax expenses	**(2,414)**	(71)
Profit for the year	**7,852**	16,533

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

	2018 *RM'000*	2017 *RM'000*
Indonesia	**256**	—
Malaysia	**46,867**	38,853
Singapore	**188**	76
United Kingdom	**270**	—
	47,581	38,929

(b) Specified Non-current Assets

At 30 November 2018 and 2017, all specified non-current assets are located in Malaysia.

Information about major customers

Revenue from customers individually contributing 10% or more of the total revenue of the Group for the years ended 30 November 2018 and 2017 is as follows:

	2018	2017
	RM'000	*RM'000*
Customer A	**30,160**	26,491
Customer B	**7,750**	<Note>

Note: The customer individually did not contribute 10% or more of the total revenue of the Group for the relevant year.

4. REVENUE

	2018	2017
	RM'000	*RM'000*
System integration and development services:		
Services provided	**42,840**	23,171
Sales of externally acquired / purchased hardware and software	**1,628**	11,463
	44,468	34,634
IT outsourcing services	**1,495**	1,451
Maintenance and consultancy services	**1,618**	2,844
	47,581	38,929

5. OTHER INCOME

	2018	2017
	RM'000	*RM'000*
Exchange gain, net	**31**	—
Interest income	**251**	—
Others	**42**	—
	324	—

6. PROFIT BEFORE INCOME TAX

This is stated after charging:

	2018	2017
	RM'000	*RM'000*
Finance costs		
Interest expenses on interest-bearing borrowings	**44**	44
Finance charges on obligations under finance leases	**8**	5
	52	49
Staff costs and related expenses (including directors' remuneration*)		
Salaries, allowances and other benefits in kind	**6,389**	4,414
Contributions to defined contribution plans	**562**	321
	6,951	4,735
Represented by:		
Staff costs for administrative and sales staff	**520**	684
Staff costs for research and development expenses	**1,313**	—
Staff costs capitalised as "Intangible assets"	**—**	200
Staff costs allocated to "Cost of services"	**5,118**	3,851
	6,951	4,735

* Excluding the estimated value of rent-free staff quarters

	2018	2017
Other items		
Amortisation of intangible assets, included in administrative expenses	**262**	291
Auditors' remuneration	**460**	32
Cost of materials sold	**1,446**	8,254
Depreciation of property, plant and equipment	**158**	278
Loss on disposal of property, plant and equipment	**—**	250
Operating lease expense	**82**	—
Research and development expenses	**1,313**	—

7. INCOME TAX EXPENSES

	2018	2017
	RM'000	*RM'000*
Current tax		
Malaysia corporate income tax ("Malaysia CIT")	**2,412**	71
Deferred tax	**2**	—
Total income tax expenses for the year	**2,414**	71

The group entities established in the Cayman Islands and the British Virgin Islands (the "BVI") 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% (2017: 24%) of the estimated assessable profits for the year ended 30 November 2018. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 18% (2017: 18%) on the first RM500,000 and remaining balance of the estimated assessable profits at tax rate of 24% (2017: 24%) for the year ended 30 November 2018.

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 30 November 2018.

Reconciliation of income tax expenses

	2018	2017
	RM'000	*RM'000*
Profit before income tax	**10,266**	16,604
Income tax at applicable tax rate	**3,167**	3,908
Non-deductible expenses	**1,848**	508
Tax incentives on pioneer status	**(2,632)**	(4,390)
Others	**31**	45
Income tax expenses	**2,414**	71

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. EARNINGS PER SHARE

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

	2018	2017
	RM'000	*RM'000*
Profit for the year attributable to the owners of the Company, used in basic and diluted earnings per share calculation	**7,852**	16,533
	Number of shares	
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**285,821,918**	273,000,000

The calculation of the weighted average number of ordinary shares for the purpose of calculating basis and diluted 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 Note 13(v) to the consolidated financial statements) to the shareholders had occurred on 1 December 2016.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 30 November 2018 and 2017.

9. DIVIDENDS

	2018	2017
	RM'000	*RM'000*
Dividends declared by the entities now comprising the Group and paid to the then equity holders of the entities	**14,000**	20,434

On 14 September 2018, a special dividend of approximately RM14.0 million was declared and payable to the then equity holders of the entities now comprising the Group. The dividend was paid on 26 September 2018.

10. TRADE AND OTHER RECEIVABLES

	Notes	2018 RM'000	2017 RM'000
Trade receivables			
A related party	*10(a)*	—	466
Third parties	*10(b)*	**3,418**	9,806
	10(c)	**3,418**	10,272
Other receivables			
Deposits, prepayments and other receivables	*10(d)*	**1,647**	364
Due from a related party	*10(e)*	—	552
		1,647	916
		5,065	11,188

(a) Trade receivables from a related party

The trade receivables due from a related party, Affiniti Data Sdn. Bhd. ("Affiniti"), in which Mr. Siah Jiin Shyang (one of the ultimate controlling parties) had 50% shareholding interest, was unsecured, interest-free and repayable on demand. No provision had been made for the non-repayment of the amount due.

	Outstanding amount		
	Greatest during the year RM'000	At 30 November 2018 RM'000	At 1 December 2017 RM'000
Affiniti *(Note)*	**466**	—	466

Note: Affiniti ceased to be a related party of the Group on 5 March 2018.

(b) 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.

(c) The ageing analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

	2018	2017
	RM'000	*RM'000*
Within 30 days	**470**	3,373
31 to 60 days	**98**	100
61 to 90 days	**1,355**	961
91 to 180 days	**1,436**	3,054
181 to 365 days	**—**	2,316
Over 365 days	**59**	468
	3,418	10,272

At the end of the reporting period, the ageing analysis of the trade receivables by due date is as follows:

	2018	2017
	RM'000	*RM'000*
Not yet due	**470**	3,839
Past due:		
Within 30 days	**98**	100
31 to 60 days	**1,355**	961
61 to 90 days	**1,273**	2,513
91 to 180 days	**163**	541
181 to 365 days	**—**	2,316
Over 365 days	**59**	2
	2,948	6,433
	3,418	10,272

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits for the customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group's trade receivables which are past due at the end of the reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

(d) Deposits, prepayments and other receivables

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

(e) Due from a related party

The amount due from Global Software House Sdn. Bhd. ("Global Software"), in which Mr. Siah Jiin Shyang (one of the ultimate controlling parties) had 50% shareholding interest, was non-trade in nature, unsecured, interest-free and repayable on demand.

	Outstanding amount		
	Greatest during the year	**At 30 November 2018**	**At 1 December 2017**
	RM'000	***RM'000***	*RM'000*
Global Software *(Note)*	**552**	**—**	552

Note: Global Software ceased to be a related party of the Group on 20 April 2018.

11. GROSS AMOUNTS DUE FROM / TO CONTRACT CUSTOMERS

	2018	2017
	RM'000	*RM'000*
Amounts due from contract customers	**4,658**	1,280
Amounts due to contract customers	**(57)**	(15,582)
	4,601	(14,302)
Contracts costs incurred plus recognised profits less recognised losses to date	**67,327**	21,046
Less: progress billings received and receivable	**(62,726)**	(35,348)
	4,601	(14,302)

At 30 November 2018 and 2017, no retention was held by customers on service contracts. At 30 November 2018, no advances were received (2017: approximately RM15,296,000) 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. TRADE AND OTHER PAYABLES

	Notes	2018 RM'000	2017 RM'000
Trade payables			
Related parties	*12(a)*	**—**	93
Third parties		**1,936**	1,633
	12(b)	**1,936**	1,726
Other payables			
Accruals and other payables		**2,735**	2,085
Accrued listing expenses		**5,668**	1,495
		8,403	3,580
		10,339	5,306

(a) Trade payables to related parties

The trade payables due to related parties ultimately controlled by Mr. Siah Jiin Shyang, one of the ultimate controlling parties, were unsecured, interest-free and repayable on demand. All balances were settled at 30 November 2018.

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

	2018 RM'000	2017 RM'000
Within 30 days	**—**	339
31 to 60 days	**—**	—
61 to 90 days	**—**	38
91 to 180 days	**1,576**	1,345
181 to 365 days	**360**	—
Over 365 days	**—**	4
	1,936	1,726

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

13. SHARE CAPITAL

	Note	Number of shares	*HK$*	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	*(iv)*	**1,962,000,000**	**19,620,000**	**10,398,600**
At 30 November 2018		**2,000,000,000**	**20,000,000**	**10,596,200**
Issued and fully paid:				
At 27 February 2018 (date of incorporation)	*(i)*	**2**	**0.02**	**—***
Issuance of shares under the Reorganisation	*(iii)*	**9,998**	**99.98**	**53**
Capitalisation Issue	*(v)*	**272,990,000**	**2,729,900.00**	**1,446,847**
Issuance of shares by ways of placing and public offer	*(vi)*	**117,000,000**	**1,170,000.00**	**620,100**
At 30 November 2018		**390,000,000**	**3,900,000.00**	**2,067,000**

* 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 share 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 share offer.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an IT service provider based in Malaysia and principally engaged in 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 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 consolidated financial statements.

For the year ended 30 November 2018, the Group recorded an increase in total revenue by 22.2% to approximately RM47.6 million (2017: approximately RM38.9 million). Details of changes in the revenue derived from system integration and development services, IT outsourcing services and maintenance and consultancy services are analysed below.

System integration and development services

For system integration and development services, the revenue increased by 28.4% from approximately RM34.6 million for the year ended 30 November 2017 to approximately RM44.5 million for the year ended 30 November 2018.

The increase in revenue was mainly attributable to the increase in revenue recognised by Project W and Project A (as defined below) attributable to the Group's two largest customers, Customer A and B respectively as set out in note 3 to the consolidated financial statements.

The Group serves as a subcontractor of Customer A 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 commenced in December 2016 and the project sum is approximately RM71.8 million. For the year ended 30 November 2018, the Group recognised revenue of approximately RM30.2 million (2017: approximately RM26.5 million) from Project W. As at 30 November 2018, the Project W has accounted for aggregate revenue of approximately RM56.7 million and the whole project is expected to complete in July 2020.

The Group entered into various contracts with Customer B which involved the software integration, business process engineering solution and CUSTPRO solution for employment insurance and services (collectively referred to as "Project A"). Project A was completed and the entire project sum of approximately RM7.8 million was fully recognised during the year ended 30 November 2018.

IT outsourcing services

The revenue from IT outsourcing services remained stable at approximately RM1.5 million for the years ended 30 November 2018 and 2017.

Maintenance and consultancy services

For maintenance and consultancy services, the revenue decreased by 43.1% from approximately RM2.8 million for the year ended 30 November 2017 to approximately RM1.6 million for the year ended 30 November 2018. 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 years indicated:

	Year ended 30 November	
	2018	2017
	RM'000	*RM'000*
Revenue	**47,581**	38,929
Cost of services and materials sold	**(23,430)**	(17,344)
Gross profit	**24,151**	21,585
Gross profit margin	**50.8%**	55.4%

The gross profit increased by 11.9%, from approximately RM21.6 million for the year ended 30 November 2017 to approximately RM24.2 million for the year ended 30 November 2018. The increase in gross profit was consistent with the increase in revenue as set out above.

The gross profit margin decreased from 55.4% for the year ended 30 November 2017 to 50.8% for the year ended 30 November 2018. Such a decrease was due to the increase in cost of services and materials sold outran the increase in revenue. Due to increasing purchase costs and increase in staff costs of IT specialists, the cost of services and materials sold increased by 35.1% from approximately RM17.3 million for the year ended 30 November 2017 to approximately RM23.4 million for the year ended 30 November 2018.

Administrative expenses

Administrative expenses increased by 26.6% from approximately RM3.4 million for the year ended 30 November 2017 to approximately RM4.4 million for the year ended 30 November 2018. The increase is primarily attributable to employee benefits expenses.

The amount of employee benefits expenses included in administrative expenses increased from approximately RM684,000 for the year ended 30 November 2017 to approximately RM1,833,000 for the year ended 30 November 2018, which was mainly due to increase in staff costs for research and development.

Finance costs

The finance costs increased slightly by approximately 6.1% from approximately RM49,000 for the year ended 30 November 2017 to approximately RM52,000 for the year ended 30 November 2018. The finance costs remained stable for each of the years ended 30 November 2018 and 2017.

Income tax expenses

The income tax expenses increased from approximately RM71,000 for the year ended 30 November 2017 to approximately RM2,414,000 for the year ended 30 November 2018. The increase was mainly due to increase in profit of a subsidiary, Concorde Technology Sdn. Bhd., for the year ended 30 November 2018, of which the profit is subject to Malaysia corporate income tax.

Profit for the year

The profit for the year decreased by approximately 52.5% from approximately RM16.5 million for the year ended 30 November 2017 to approximately RM7.9 million for the year ended 30 November 2018. Such decrease was mainly attributable to increase in non-recurring expenses and income tax expenses.

Excluding non-recurring listing expenses and research and development expenses, the profit before income tax increased by 18.2% from approximately RM18.1 million for the year ended 30 November 2017 to approximately RM21.4 million for the year ended 30 November 2018, as analysed below:

	Year ended 30 November	
	2018	2017
	RM'000	*RM'000*
Profit before income tax	**10,266**	16,604
Add: Listing expenses	**9,805**	1,495
	20,071	18,099
Add: Research and development expenses	**1,313**	—
	21,384	18,099

Following the Listing, the Group is confident of its future prospects and believe that it would raise 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 pursue 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.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 November 2018, the total borrowings of the Group amounted to approximately RM1.0 million (2017: approximately RM1.1 million) which represented bank borrowings and obligations under finance leases.

As at 30 November 2018, the gearing ratio of the Group was 3.2% (2017: 27.6%). Gearing ratio is calculated based on total borrowings divided by total equity as at the end of the financial year.

As at 30 November 2018, the Group's net current assets amounted to approximately RM30.7 million (2017: approximately RM1.9 million). The Group's current ratio increased to approximately 3.3 times, as compared to approximately 1.1 times as at 30 November 2017, which was mainly due to the increase in bank balances and cash attributable to the unutilised net proceeds raised by the listing of the shares of the Company on GEM of the Stock Exchange on 22 October 2018. As at 30 November 2018, the Group's bank balances and cash excluding the restricted bank balances was approximately RM33.8 million (2017: approximately RM2.8 million).

The Group's operations are financed principally by revenue generated from its business operation, available bank balances and cash as well as bank 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 to ensure that the Group is well positioned to achieve its business objectives and strategies.

CONTINGENT LIABILITIES

As at 30 November 2018, the Group did not have any significant contingent liabilities (2017: nil).

CAPITAL COMMITMENTS

As at 30 November 2018, the Group did not have significant capital commitments contracted but not provided for (2017: nil).

SIGNIFICANT INVESTMENTS HELD

During the year ended 30 November 2018, the Group did not have any significant investments (2017: nil).

PLEDGE OF ASSETS

As at 30 November 2018, 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 RM525,000 (2017: approximately RM762,000).

As at 30 November 2018 and 2017, the interest-bearing borrowings are secured by properties owned by the Group with aggregate net carrying amount of approximately RM1.3 million.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at the date of this announcement, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 30 November 2018, 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 set out 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. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management monitors our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

USE OF PROCEEDS

The net proceeds raised by the Company from the Share Offer were approximately RM30.5 million (equivalent to approximately HK$58.6 million) (based on the final Offer Price of HK$0.62 per Offer Share) adjusted by the Downward Offer Price Adjustment, 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; and

— 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 30 November 2018, the net proceeds had been utilised as follows:

	Net proceeds *RM million*	Amount utilised *RM million*	Balance *RM million*
Strengthening our technical team by recruiting more IT specialists	3.05	—	3.05
Purchase of hardware and equipment for establishment of IT infrastructure for the provision of cloud storage and cloud computing services	18.30	—	18.30
Research and development of advanced and adapted versions of our Group's existing IT products	6.10	0.52	5.58
General working capital	3.05	3.05	—
	30.50	3.57	26.93

EMPLOYEE AND REMUNERATION POLICIES

As at 30 November 2018, the Group had a total of 78 employees (2017: 75) in Hong Kong and Malaysia. For the year ended 30 November 2018, total staff costs and related expenses of the Group (including the Directors' remuneration) were approximately RM7.0 million (2017: approximately RM4.7 million).

Employees' remuneration is determined with reference to market terms and the performance, qualifications and experience of employees. Apart from the statutory retirement benefits and medical benefits, the Group also provides trainings to employees to enhance their knowledge and maintain the quality of our services.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in their long-term development, the financial conditions and business plan of the Group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Board does not recommend the payment of final dividend for the year ended 30 November 2018.

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 year ended 30 November 2018.

CORPORATE GOVERNANCE PRACTICES

The shares of the Company has been listed on GEM of the Stock Exchange on 22 October 2018 (the "Listing Date"). 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 period from the Listing Date and 30 November 2018, the Company had complied with the CG Code, except for the deviation as stated below:

CODE PROVISION A.1.8

Under code provision A.1.8 in CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. As at 30 November 2018, the Company has yet to reach an agreement with an insurer and the insurance cover in respect of legal action against the Directors has not been in place. In February 2019, the Company has entered into a relevant insurance policy.

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, 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 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, we 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.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee comprises all independent non-executive Directors.

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 discussing auditing, internal control, risk management and financial reporting matters including the review of annual results and financial statements for the year ended 30 November 2018.

SCOPE OF WORK OF JOINT AUDITORS

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 November 2018 as set out in this announcement have been agreed by the Company's joint auditors, Mazars CPA Limited and Mazars LLP, to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by the joint auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the joint auditors on this announcement.

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

Hong Kong, 25 February 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 for at least seven days after the date of publication and on the Company's website at www.mindtelltech.com.