

**MINDTELL TECHNOLOGY LTD:**  
**ONE SHOULD NOT BECOME TRANSFIXED**  
**BY FLASH-IN-THE-PAN GAINS**

While both the Revenue and the Net Profit Attributable to Shareholders rose spectacularly in respect of the Financial Year, ended November 30, 2017, compared with the preceding Financial Year, investors would be wise to look askance at this seemingly bullish, financial result.

Because, inter alia, the fillip was the result of the company, discovering that which should rightly be termed ‘*The Mother Lode*’ with regard to a single, relatively new customer.

Mindtell Technology Ltd (Code: 8611, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) published and disseminated its Placing and Public Offering Prospectus in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) on September 29, 2018.

This Company is an **I**nformation **T**echnology (**IT**) provider, based in Malaysia from where just about all its Revenues and Profits are derived.

In December 2016, this Company’s newest customer, to wit, Customer D, ‘*contributed a significant portion of our (the Company’s) revenue for the year ended 30 November 2017 and four months, ended 31 March 2018*’, one is told.

Wait for it! More about this matter, later on in this Report.

**The Initial Public Offering (IPO) Of Mindtell Technology Ltd**

Mindtell Technology Ltd Offered a total of 117 million, one-cent Shares at an Indicative Offer Price Per Share, ranging from a low of 68 cents to a high of 88 cents.

The Public Offer tranche of 11.70 million Shares was obviously aimed at enticing HKSAR investors to come to the Mindtell Technology ‘party’.

The Placing Shares tranche of 105.30 million Shares was, no doubt, reserved for Institutions, Professionals and/or select Well-Heeled Investors wherever they might be found by those who have a vested interest in making this IPO a financial success.

At the midpoint of the Indicative Offer Price Per Share, being 78 cents, Management has estimated that it will net about 33.90 million ringgits (**RM**) (the lawful currency of Malaysia), equivalent to about \$HK65 million.

At Page 211 of the Placing and Public Offer Prospectus of this Company, it was stated how Management envisages utilising the net proceeds of the IPO:

1. Approximately, RM3.4 million (equivalent to about \$HK6.50 million), that is about 10 percent of the net proceeds, *‘for strengthening our technical team by recruiting more IT specialists’*;
2. Approximately, RM20.3 million (equivalent to about \$HK39.00 million), that is about 60 percent of the net proceeds, *‘for (the) purchase of hardware and equipments (sic) for (the) establishment of IT infrastructure for the provision of cloud storage and cloud computing services’*;
3. Approximately, RM6.8 million (equivalent to about \$HK13.00 million), that is about 20 percent of the net proceeds, *‘for research and development of advanced and adapted versions of our Group’s existing IT products’*; and,
4. Approximately, RM3.4 million (equivalent to about \$HK6.50 million), that is about 10 percent of the net proceeds, *‘as general working capital.’*

As to the reasons for pitching this IPO on the secondary equity market of the HKSAR, it was stated, *inter alia*, at Page 210:

*‘Providing our Company with alternative channel for fund raising in the secondary market, such as issue of shares, convertible securities, options rather than bank financing.’*

### **The Business Of Mindtell Technology Ltd**

Mindtell Technology Ltd has a history of about 12 years with the incorporation of Mixsol Sdn Bhd in Malaysia on July 4, 2006.

While it is not stated in definitive terms in the Placing and Public Offer Prospectus of the Company with regard to the single person who founded Mindtell Technology Ltd – at least, not in the section, marked as being the history of the Company – it appears that Mr Chong Yee Ping (), along with two independent third parties (not identified by name), all using their personal funds, were ... [CLICK TO ORDER FULL ARTICLE](#)

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