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## Anacle Systems Limited

安科系統有限公司\*

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 8353)

### CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Anacle Systems Limited (the "Company") dated 30 November 2016 (the "Prospectus") relating to the listing (the "Listing") of the Company's shares on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the announcement of placing price and allotment results dated 15 December 2016 (the "Allotment Results Announcement"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

#### USE OF PROCEEDS

As set out in the Allotment Result Announcement, based on the Placing Price at HK\$0.74 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), the net proceeds of the Placing to be received by the Company after deducting underwriting fees and commissions and other related expenses in connection with the Placing were estimated to be approximately HK\$53.6 million and the Directors intended to apply the net proceeds from the Placing in accordance with the purposes set forth in the section headed "Future Plans and Use of Proceeds" in the Prospectus as follows:

- (a) approximately 0.8% or HK\$0.4 million (equivalent to approximately S\$0.1 million) of the net proceeds for acquiring and setting up data centre infrastructure which constitutes six to eight servers located in Singapore;
- (b) approximately 16.9% or HK\$9.1 million (equivalent to approximately S\$1.7 million) of the net proceeds for enhancing and expanding our product offerings;
- (c) approximately 22.9% or HK\$12.3 million (equivalent to approximately S\$2.3 million) of the net proceeds for strengthening our sales and marketing efforts, and reinforcing our brand and product images;
- (d) approximately 23.8% or HK\$12.7 million (equivalent to approximately S\$2.3 million) of the net proceeds for acquiring foreign companies in Hong Kong or the PRC and in Qatar or the UAE which specialise in providing enterprise application software (the "Proposed Acquisition");
- (e) approximately 29.7% or HK\$15.9 million (equivalent to approximately S\$2.9 million) of the net proceeds for setting up a manufacturing, assembly and testing plant (the "Proposed Plant Establishment") in Malaysia; and
- (f) approximately 5.9% or HK\$3.2 million (equivalent to approximately S\$0.6 million) of the net proceeds for our Group's general working capital.

\*for identification purpose only

## CHANGE IN THE USE OF PROCEEDS

For reasons set out in the paragraph headed “Reasons for the Change in the Use of Proceeds” of this announcement, after careful consideration and detailed evaluation of the Company’s operation and in order to efficiently utilise the net proceeds from the Placing and develop the Company’s principal business to improve Shareholders’ returns, the Board resolved to adjust the allocation of the use of proceeds from the Placing in the manner as set out below:

- (i) in relation to item (d) in the preceding section in this announcement, approximately 23.8% or HK\$12.7 million (equivalent to approximately S\$2.3 million) of the net proceeds will be used for incorporating an overseas base in Hangzhou, the PRC (the “**Proposed Organic Overseas Expansion**”), instead of the Proposed Acquisition (the “**Change of Expansion Approach**”); and
- (ii) in relation to item (e) in the preceding section in this announcement, approximately 29.7% or HK\$15.9 million (equivalent to approximately S\$2.9 million) of the net proceeds will be used for the Proposed Plant Establishment in India, instead of in Malaysia (the “**Change of Plant Location**”).

Save as the above, the Board confirms that there is no other changes to the used of net proceeds.

## REASONS FOR THE CHANGE IN THE USE OF NET PROCEEDS

### *The Change in Expansion Approach*

After the Listing in December 2016, the Company has been actively negotiating with and conducting due diligence on a potential company in Hong Kong (the “**Potential Target**”) for its long-term expansion in the Greater China region to implement the business strategies as set out in the Company’s prospectus dated 30 November 2016 (the “**Prospectus**”). Following the unsatisfactory outcome of the due diligence on the Potential Target, in August 2017 the Board decided to cease pursuing the acquisition of the Potential Target. To date, the Company has yet to identify another suitable target for the Proposed Acquisition. In keeping with the Company’s plan to enter the China market, the Company considered alternative ways to enter into the China market directly other than through acquisition of company in Hong Kong and focus its effort directly in China.

In or around November 2017, the Company started the discussion with a Zhejiang-based enterprise (the “**PRC Counterpart**”) on forming a strategic alliance to facilitate the Company’s entry into the China market. On 1 December 2017, a memorandum of understanding (the “**Memorandum of Understanding**”) between the Company and the PRC Counterpart was signed, in which both parties are to collaborate to develop smart city management systems and solutions including energy, building and facilities management and cloud platform. To tap on Zhejiang as an innovation hub and its pool of engineering talents, the Company, with the assistance of the PRC Counterpart, will establish a presence in Hangzhou and will invest in a joint venture with the PRC Counterpart.

Shareholders and potential investors should note that the Memorandum of Understanding is not a legally-binding document and the subject matters, including the Proposed Organic Overseas Expansion, may or may not take place. The Board currently does not have a definitive timeline for the Proposed Organic Overseas Expansion. **Shareholders and potential investors should exercise cautions in dealings in the Shares of the Company.**

### ***The Change of Plant Location***

According to the Prospectus, the Company expected to set up the manufacturing, assembly and testing plant (the “**New Plant**”) in Malaysia by 31 May 2019. The Company’s new smart energy meter, **Tesseract**, has generally received a positive feedback from the market. The Company plans to launch **Tesseract** in mid-2018 and to bring forward by one year the set up of testing facilities in India to ensure that the Company is fully prepared to produce a high quality product. The Company considers India to be a more suitable location than Malaysia because the Company has an established power product engineering team in India.

In light of the above, the Board (including the independent non-executive Directors) is of the view that the Change in Expansion Approach and the Change of Plant Location will result in a more efficient use of net proceeds from the Placing, and confirms that there is no material change in the business objective and principal business of the Group as set out in the Prospectus and considers that the above proposed changes in use of net proceeds is in the best interests of the Company and its Shareholders as a whole.

By order of the Board  
**Anacle Systems Limited**  
**Lau E Choon Alex**  
*Executive Director and Chief Executive Officer*

Singapore, 7 December 2017

*As at the date of this announcement, the board of Directors comprises Mr. Lau E Choon Alex (Chief Executive Officer) and Mr. Ong Swee Heng (Chief Operating Officer) as executive Directors; Mr. Lee Suan Hiang (Chairman), Prof. Wong Poh Kam and Mr. Robert Chew as non-executive Directors; and Mr. Alwi Bin Abdul Hafiz, Mr. Elango Subramanian and Mr. Li Man Wai as independent non-executive Directors.*

*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 the Growth Enterprise Market of the Stock Exchange (the “**GEM**”) 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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.anacle.com](http://www.anacle.com).*