

**ANACLE SYSTEMS LTD:
IT'S A GAMBLE,
BUT SO ARE THE GAMING TABLES OF MACAU**

Notwithstanding the fact that the Net Profit Attributable to Shareholders in respect of the 2017 Financial Year, ending May 31, 2017, ‘*will be adversely affected*’ due to Listing Expenses, it is well noted that the Price-Earnings Multiple of the company’s shares ranged between 16 times and 20.50 times, based on the historical, adjusted Net Profit Attributable to Shareholders.

This, of course, makes the share price of the company, very expensive, relative to the Price-Earnings Multiples of the shares of most other companies that have pitched Initial Public Offerings (IPO) on one of the equity markets of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), during the past year or so.

The company, to which **TARGET** () is referring, is Anacle Systems Ltd () (Code: 8353, The Growth Enterprise Market [the **GEM**] of The Stock Exchange of Hongkong Ltd).

Anacle Systems Ltd published and disseminated its Placing Prospectus on November 30, 2016.

The Company’s intention is to Place a total of 100 million, nil Nominal Value Shares at the Indicative Placing Price Per Share, ranging from a low of 71 cents to a high of 91 cents.

The reason that Management has made the decision to try to Place its Shares on the secondary equity market of the HKSAR, rather than on the Singapore Exchange Ltd, is given at Pages 279 and 280 of the Placing Prospectus in the following terms:

‘As we do not have sufficient fixed assets available for security or pledge that are generally required to obtain the banking facilities necessary to finance meaningful business expansion, it is difficult for us to obtain debt financing from banks on commercially viable terms. In order to raise additional capital for continued growth and development, our Company has, throughout our operating history, undergone four rounds of equity fund raising in the form of the Pre-IPO Investments from 2006 to 2013. Our Directors consider that additional capital resources from the Listing will enable our Group to increase its profitability with less finance cost burden...’

‘In addition, our Directors believe that the Listing of our Company will help gain access to the capital market for future growth with opportunities to raise funds not only at Listing but also at a later stage. Assuming a Placing Price of HK\$0.81 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.71 to HK\$0.91 per Placing Share, the gross proceeds for the Placing are estimated to be approximately HK\$81.0 million, and the net proceeds from the Placing are estimated to be approximately HK\$60.3 million, after deducting underwriting fees and estimated expenses paid or payable by our Company in connection thereto.’

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