



Anacle Systems

# First Quarterly Report

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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

\* for identification purpose only

## 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of Anacle Systems Limited (the “Company”) collectively and individually accept full responsibilities, 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 and its subsidiaries (together the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report 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 report misleading.*

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## DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“commercialisation”	a product is considered commercially launched once our product generates its first dollar of revenue
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“Placing”	the placing of the Shares on 16 December 2016
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on 30 November 2016 in connection with the Placing
“Reporting Period”	the three months ended 31 August 2019

## DEFINITIONS

“Required Standard of Dealings”	the required standard of dealings in securities pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Ordinary Share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “Singapore dollars”	the lawful currency of Singapore
“TESSERACT”	an advanced Internet of Things, smart metering and controlling platform for Starlight which handles big data in the software

In this report, the terms “associate”, “close associate”, “connected person”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the respective meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lau E Choon Alex (Chief Executive Officer)  
Mr. Ong Swee Heng (Chief Operating Officer)

#### Non-Executive Directors

Mr. Lee Suan Hiang (Chairman)  
Prof. Wong Poh Kam  
Mr. Robert Chew

#### Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz  
Mr. Elango Subramanian  
Mr. Li Man Wai

### BOARD COMMITTEES

#### Audit Committee

Mr. Li Man Wai (Chairman)  
Mr. Elango Subramanian  
Mr. Robert Chew

#### Remuneration Committee

Mr. Alwi Bin Abdul Hafiz (Chairman)  
Prof. Wong Poh Kam  
Mr. Li Man Wai

#### Nomination Committee

Mr. Lee Suan Hiang (Chairman)  
Mr. Alwi Bin Abdul Hafiz  
Mr. Elango Subramanian

#### COMPLIANCE OFFICER

Mr. Ong Swee Heng

#### JOINT COMPANY SECRETARIES

Sir Kwok Siu Man KR, FCS  
Ms. Sylvia Sundari Poerwaka

### AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex  
Mr. Ong Swee Heng

### INDEPENDENT AUDITOR

BDO Limited

### HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited  
Room 2103B  
21/F., 148 Electric Road  
North Point  
Hong Kong

### HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1 Fusionopolis View  
#08-02 Sandcrawler  
Singapore 138577

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

31/F., 148 Electric Road  
North Point  
Hong Kong

### PRINCIPAL BANKER

DBS Bank Ltd  
12 Marina Bay Boulevard, Level 3  
Marina Bay Financial Centre Tower 3  
Singapore 018982

### COMPANY WEBSITE

[www.anacle.com](http://www.anacle.com)

### GEM STOCK CODE

8353

# FINANCIAL HIGHLIGHTS

From First Quarter 2020

	Three months ended	
	31 August 2019 (unaudited) S\$	31 August 2018 (unaudited) S\$
Revenue	3,726,835	3,577,073
Gross profit	1,504,935	1,756,496
(Loss)/profit before tax	(368,621)	442,314

## 4.2% INCREASE IN REVENUE

Significant growth in myBill and SpaceMonster revenue contributed to S\$436,717 increase in revenue. The decrease in both Simplicity and Starlight revenue by S\$231,567 and \$55,488, respectively, has partially offset the increase. The decrease in revenue was due to project implementation delays. Order book for Simplicity is stronger than it was last year. We are actively pursuing business opportunities in the energy management front. Sales pipeline for Starlight is still healthy and we remain confident that Starlight's performance will improve.

## 14.3% DECREASE IN GROSS PROFIT

Decrease in revenue growth combined with a moderate increase in cost of sales contributed to lower gross profit and gross profit margin. Our PRC joint venture gross loss of 70.2% contributed to the decrease in gross profit.

## S\$ 810,935 DECREASE IN PROFIT BEFORE TAX

The loss before tax was due to our PRC joint venture. The Group's core operations in Singapore had a net profit before tax of S\$53,511 which was all offset by our PRC joint venture's loss of S\$422,132.

## DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2019 (31 August 2018: S\$Nil).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August	
		2019 (unaudited) S\$	2018 (unaudited) S\$
<b>Revenue</b>	3c	3,726,835	3,577,073
Cost of sales		(2,221,900)	(1,820,577)
<b>Gross profit</b>		<b>1,504,935</b>	<b>1,756,496</b>
Other revenue	4	13,197	1,357
Other gains and (losses)	5	(6,719)	18,865
Marketing and other operating expenses		(421,071)	(366,903)
Administrative expenses		(1,237,151)	(863,765)
Research and development costs		(220,279)	(103,736)
Finance costs	7	(1,533)	-
<b>(Loss)/profit before income tax</b>	6	<b>(368,621)</b>	<b>442,314</b>
Income tax expense	8	(3,337)	(2,970)
<b>(Loss)/profit for the period</b>		<b>(371,958)</b>	<b>439,344</b>
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange difference arising from translation of foreign operations		(24,683)	(2,993)
<b>Total comprehensive income for the period</b>		<b>(396,641)</b>	<b>436,351</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(113,731)	439,344
Non-controlling interests		(258,227)	-
		<b>(371,958)</b>	<b>439,344</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		(126,218)	436,351
Non-controlling interests		(270,423)	-
		<b>(396,641)</b>	<b>436,351</b>
		Singapore cents	Singapore cents
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
- Basic	10	(0.03)	0.11
- Diluted	10	(0.03)	0.11



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Total
	Ordinary share capital	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses			
	S\$	S\$	S\$	S\$	S\$	S\$		
<b>At 1 June 2019 (audited)</b>	20,756,598	(1,376,024)	1,385,381	71,375	(9,241,274)	328,613	11,924,669	
Loss for the period	-	-	-	-	(113,731)	(258,227)	(371,958)	
Other comprehensive income	-	-	-	(12,487)	-	(12,196)	(24,683)	
Total comprehensive income	-	-	-	(12,487)	(113,731)	(270,423)	(396,641)	
Recognition of share-based payment expenses	-	-	8,547	-	-	-	8,547	
<b>As at 31 August 2019 (unaudited)</b>	20,756,598	(1,376,024)	1,393,928	58,888	(9,355,005)	58,190	11,536,575	
<b>At 1 June 2018 (audited)</b>	20,756,598	(1,376,024)	1,294,891	71,284	(2,891,447)	-	17,855,302	
Profit for the period	-	-	-	-	439,344	-	439,344	
Other comprehensive income	-	-	-	(2,993)	-	-	(2,993)	
Total comprehensive income	-	-	-	(2,993)	439,344	-	436,351	
Recognition of share-based payment expenses	-	-	23,246	-	-	-	23,246	
<b>As at 31 August 2018 (unaudited)</b>	20,756,598	(1,376,024)	1,318,137	68,291	(2,452,103)	-	18,314,899	

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# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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First Quarter 2020

## 1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a “public company limited by shares” under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company’s registered office and principal place of business is 1 Fusionopolis View, #08-02 Sandcrawler, Singapore 138577.

The principal activities of the Group are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services.

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the three months ended 31 August 2019 (the “**First Quarterly Financial Statements**”) were approved for issue by the Board on 4 October 2019.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Third Quarterly Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of the GEM Listing Rules. The First Quarterly Financial Statements have been prepared under the historical cost basis.

The First Quarterly Financial Statements are presented in Singapore Dollar (“S\$”), which is the same as the functional currency of the Company.

The First Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2019 (the “**2019 Financial Statements**”).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

The First Quarterly Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the "IFRSs") and the disclosure requirements of the Companies Ordinance. The accounting policies and methods of computation used in the preparation of the First Quarterly Financial Statements are consistent with those used in the preparation of the 2019 Financial Statements.

#### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

#### (b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights to, variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

#### (c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

##### The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

##### The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

#### (d) Revenue recognition (accounting policies applied from 1 June 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component using the practical expedient in IFRS15.

##### Contract revenue from projects of provision of enterprise application software solutions and energy management solutions

The Group generate revenue from projects of provision of enterprise application software solutions and energy management solutions. The transaction price for the services are charged at a fixed contracted price. Invoices are issued according to contractual terms.

Revenue for projects are recognised by reference to the stage of completion when this can be measured reliably. The stage of completion is determined by reference to the work done at the end of reporting period as a percentage of total estimated work. Foreseeable losses from contracts are fully provided for when they are identified. The revenue is recognised over time as the Group's activities create or enhance an asset under the customer's control. Therefore, revenue for projects under IFRS15 was recognised on a similar basis in the comparative period under IAS 18.

Contract balances relating to system integration contracts in progress were presented in the statement of financial position under "contract assets" or "contract liabilities" respectively.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

#### (d) Revenue recognition (accounting policies applied from 1 June 2018) (Continued)

##### Revenue from rendering of services including maintenance

Revenues are recognised over time as the benefits received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognised revenue in the amount to which the entity has the right to invoice, which is representative to the value being delivered. Invoices for maintenance services are issued on a monthly basis and are usually payable within 30 days. No significant financial component existed. IFRS 15 did not result in significant impact on the Group's accounting policies.

##### Revenue from sales of hardware

Sales of hardware are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. Invoices are issued when the customer takes possession of and accepts the products and are usually payable within 30 days from the date of billing. No significant financial component existed. The transaction price is determined based on a stand-alone selling price specified in the contracts for sales of hardware.

##### Subscription income

Revenues are recognised over time as the benefits received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognised revenue in the amount to which the entity has the right to invoice, which is representative to the value being delivered

##### Rental income

Rental income from leasing of hardware is recognised on a straight-line basis over the term of the relevant lease

##### Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset

#### (e) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred capital grants and consequently are effectively recognised in profit or loss over the useful life of the asset.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

#### (f) Employee benefits

##### (i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

##### (ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore (the "CPF Scheme"), a state-managed retirement benefit scheme operated by the government of Singapore. The Company is required to contribute a specified percentage of payroll costs to the CPF Scheme to fund the benefits. The only obligation of the Company with respect to the CPF Scheme is to make the specified contributions.

#### (g) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategy decision.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- **Simplicity and myBill** – a package of enterprise application software solutions that provides specific solutions for municipal services management, commercial real estate management, corporate real estate management, as well as industrial asset management;
- **Starlight** – a one-stop cloud-based energy management solutions that provide real-time access to the energy profiles of buildings, including information such as energy consumption, power quality, demand analytics and carbon footprint profiles; and
- **SpaceMonster** – an online venue booking platform.

Inter-segment transactions, if any, are priced by reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

#### (a) Business segments

	Simplicity & myBill		Starlight		SpaceMonster		Total	
	Three months ended 31 August							
	2019 (unaudited) S\$	2018 (unaudited) S\$	2019 (unaudited) S\$	2018 (unaudited) S\$	2019 (unaudited) S\$	2018 (unaudited) S\$	2019 (unaudited) S\$	2018 (unaudited) S\$
Revenue from external customers	2,935,240	2,763,912	741,085	796,473	50,510	16,688	3,726,835	3,577,073
Gross profit/(loss)	1,432,304	1,371,771	27,222	371,759	45,409	12,966	1,504,935	1,756,496
Depreciation and amortisation	222,936	213,563	85,816	35,256	3,215	3,215	311,967	252,034
Write-down of inventories	-	-	-	4,066	-	-	-	4,066
Reportable segment profit/(loss)	1,186,863	1,125,160	(317,240)	181,359	45,409	12,560	915,032	1,319,079

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT REPORTING (CONT'D)

#### (b) Reconciliation of reportable segment revenue and (loss)/profit

	Three months ended 31 August	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
<b>(Loss)/profit before income tax</b>		
Reportable segment (loss)/profit	915,032	1,319,079
Other revenue	13,197	1,357
Other gains and (losses)	(6,719)	22,931
Unallocated expenses:	(1,533)	-
Finance costs		
- Staff costs	(781,900)	(443,258)
- Share-based payments	(8,547)	(23,246)
- Rental expenses	(216,647)	(182,261)
- Legal and professional fee	(127,675)	(106,481)
- Others	(153,829)	(145,807)
<b>Consolidated (loss)/profit before income tax</b>	<b>(368,621)</b>	<b>442,314</b>

#### c) Disaggregation of revenue

In the following table, revenue is disaggregated by timing of recognition and primary geographical market:

	Simplicity and myBill		Starlight		SpaceMonster		Total	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Three months ended 31 August								
<b>Timing of revenue recognition</b>								
<b>Transferred over time</b>								
- Project revenue	1,540,580	2,002,569	656,334	672,305	-	-	2,196,914	2,674,874
- Maintenance services	1,005,108	734,046	59,326	93,785	900	1,388	1,065,334	829,219
- Subscription	383,992	8,097	-	-	49,610	15,300	433,602	23,397
<b>Recognised at a point of time</b>								
- Sale of equipment	5,560	19,200	11,445	17,173	-	-	17,005	36,373
<b>Other sources</b>								
- Lease of equipment	-	-	13,980	13,210	-	-	13,980	13,210
	<b>2,935,240</b>	<b>2,763,912</b>	<b>741,085</b>	<b>796,473</b>	<b>50,510</b>	<b>16,688</b>	<b>3,726,835</b>	<b>3,577,073</b>
<b>Primary geographical markets</b>								
Singapore	2,653,784	2,589,162	728,282	728,682	50,510	16,688	3,432,576	3,334,532
Malaysia	11,459	4,477	8,245	67,791	-	-	19,704	72,268
PRC	181,995	150,350	-	-	-	-	181,995	150,350
Others	88,002	19,923	4,558	-	-	-	92,560	19,923
	<b>2,935,240</b>	<b>2,763,912</b>	<b>741,085</b>	<b>796,473</b>	<b>50,510</b>	<b>16,688</b>	<b>3,726,835</b>	<b>3,577,073</b>



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OTHER REVENUE

	Three months ended 31 August	
	2019	2018
	(Unaudited) S\$	(Unaudited) S\$
Government grants	12,571	-
Interest income	626	494
Others	-	863
	13,197	1,357

### 5. OTHER GAINS AND (LOSSES)

	Three months ended 31 August	
	2019	2018
	(Unaudited) S\$	(Unaudited) S\$
Net exchange loss	(6,719)	22,931
Write-off of inventories	-	(4,066)
	(6,719)	18,865

### 6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting)

	Three months ended 31 August	
	2019	2018
	(Unaudited) S\$	(Unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	2,499,480	1,923,048
Contributions on defined contribution retirement plans	228,618	165,325
Share-based payments	8,547	23,246
	2,736,645	2,111,619
Less: amount capitalised as intangible assets	-	(170,755)
	2,736,645	1,940,864
Depreciation of property, plant and equipment	37,888	33,348
Amortisation of intangible assets	294,805	231,712
Write-down of inventories	-	4,066
Finance costs	1,533	-

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. FINANCE COSTS

	Three months ended 31 August	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Interest on bank borrowing	1,533	-

### 8. INCOME TAX EXPENSE

	Three months ended 31 August	
	2019 (Unaudited) S\$	2018 (Unaudited) S\$
Current tax	3,337	2,970
Deferred tax	-	-
	3,337	2,970

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, and the two wholly-owned subsidiaries namely, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited, are calculated at 17%, 24% and 30.9% respectively for the three months ended 31 August 2019 and 31 August 2018.

The corporate income tax rate applicable to the Company's subsidiary in the People's Republic of China (the "PRC") is 25% according to tax laws and regulations.

### 9. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2019 (31 August 2018: S\$Nil).

### 10. (LOSS)/EARNINGS PER SHARE

For the three months ended 31 August 2019, the basic and diluted loss per share of the Company was 0.03 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S\$113,731 and 399,158,496 Ordinary Shares in issue. Basic and diluted loss per share are the same because the share options had no anti-dilutive effect on the basic loss per share.

For the three months ended 31 August 2018, the basic and diluted earnings per share of the Company was 0.11 Singapore cents. The calculation is based on the profit attributable to the owners of the Company of S\$439,344 and 399,158,496 Ordinary Shares in issue. Basic and diluted earnings per share are the same because the share options had no anti-dilutive effect on the basic earnings per share.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS****11. SHARE CAPITAL**

	Number of Shares	S\$
<b>Issued and fully paid</b>		
Ordinary Shares	399,158,496	20,756,598
As at 31 May 2019 (audited)	399,158,496	20,756,598
<b>As at 31 August 2019 (unaudited)</b>	<b>399,158,496</b>	<b>20,756,598</b>

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

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Established in 2006, the Group is a fast-growing IT company based in Singapore. We specialise in offering, via the on-premise model and SaaS delivery model, (i) enterprise application software which is designed to assist commercial property and building owners in managing their real estate assets and facilities, and (ii) energy management system which is designed to assist commercial property and building owners in monitoring and managing their energy consumption. Besides researching, designing, developing and implementing software and hardware solutions, we also provide upgrades, maintenance and after-sales support to our customers. Our products reach end-users across various countries and regions including Singapore, Malaysia, China and other Asian countries, and various industries including commercial real estate, education, healthcare, government, utilities and oil and gas. Our mission is to design and deliver practical and easy to use innovations that will have immediate positive impact to our customers.

The Group derived a majority of its revenue from Simplicity which is a self-developed enterprise application software solution that offers specific solutions for municipal services management, commercial real estate management, corporate real estate management, as well as industrial asset management. Starlight is a self-developed energy management solution that combines software and hardware components and is a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles, which helps end-users better manage their energy usage and cut costs. SpaceMonster is an online portal designed to bring together and match people who need short-term meeting and leisure facilities with organisations that own or manage such venues. myBill is a pay-per-use utilities revenue assurance platform for the liberalized electricity market in Singapore. In a newly liberalized and fully competitive electricity market, energy retailers will not know in advanced how many customers they can sign up. The myBill platform is targeted at energy retailers that cannot afford multi-million dollar billing software by allowing them a pay-per-use scheme for electricity billing.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### SIMPLICITY

Three months ended 31 August 2019 S\$		Three months ended 31 August 2018 S\$
2,524,248	<b>Total Simplicity Revenue</b>	<b>2,755,815</b>
1,513,580	Simplicity Project Revenue	1,977,175
1,005,108	Simplicity Maintenance Services	759,440
5,560	Simplicity Sale of Equipment	19,200

**▼8.4%** (31 August 2018: ▲31.2%)

#### TOTAL SIMPLICITY REVENUE

**▼23.4%** (31 August 2018: ▲32.4%)

#### SIMPLICITY PROJECT REVENUE

**▲32.3%** (31 August 2018: ▲28.3%)

#### SIMPLICITY MAINTENANCE SERVICES

There were a number of delayed milestones billing for Simplicity projects. As compared to the same quarter last year, the Group has increased its customer base and Simplicity's order book was healthier this year. Singapore market remained the major source of revenue for Simplicity. Our PRC joint venture contributed to 2.8% of revenue this quarter. Our recurring maintenance service customers base in Singapore has increased which brought about a 36.9% increase in revenue. Overall, the increase in our Simplicity maintenance services revenue has been partially offset by the decrease in project revenue resulting in an overall slight dip of 8.4% in Simplicity's revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS Business Review

### STARLIGHT

Three months ended 31 August 2019 S\$		Three months ended 31 August 2018 S\$
741,085	<b>Total Starlight Revenue</b>	<b>796,473</b>
656,334	Starlight Project Revenue	697,699
59,326	Starlight Maintenance Services	68,391
13,980	Starlight Leasing of Equipment	13,210
11,445	Starlight Sale of Equipment	17,173

**▼7.0%** (31 August 2018: ▲14.6%)

#### TOTAL STARLIGHT REVENUE

The delay in the commencement of our new smart-home energy monitoring in Singapore contributed to the decrease in Starlight project revenue. We have recently been commissioned to deploy our Starlight IoT and Digital-Twin based smart building platform energy monitoring project for the built environment. The first phase of this project is expected to be completed within this financial year.

**▼5.9%** (31 August 2018: ▲17.4%)

#### STARLIGHT PROJECT REVENUE

Our recurring service revenue experienced a slight decrease by S\$9,065 because we are renegotiating the renewal terms with two of our major customers. Our recurring service customers base have remained stable.

**▼13.3%** (31 August 2018: ▼9.9%)

#### STARLIGHT RECURRING SERVICE REVENUE

**▲5.8%** (31 August 2018: ▲35.8%)

#### STARLIGHT RENTAL REVENUE

## MANAGEMENT DISCUSSION AND ANALYSIS

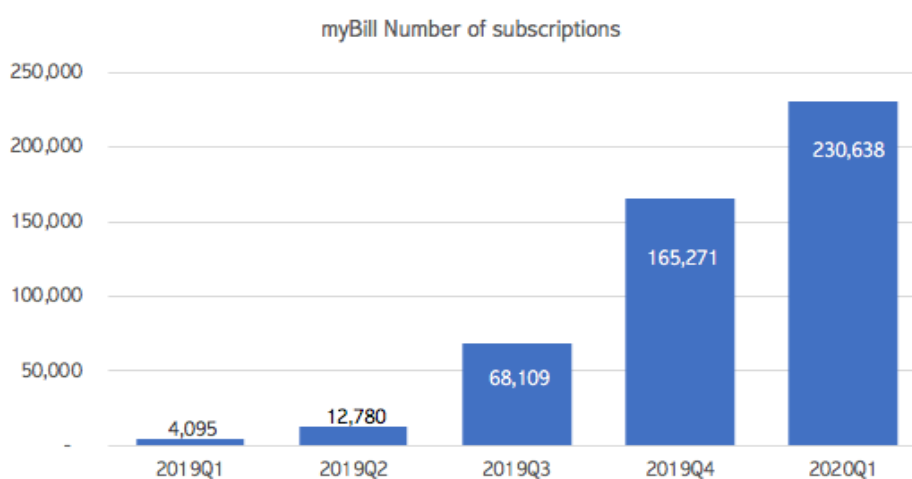
### Business Review

#### myBill

Three months ended 31 August 2019 S\$		Three months ended 31 August 2018 S\$
410,992	<b>Total myBill Revenue</b>	8,097
383,992	myBill Subscription	8,097
27,000	myBill Project Revenue	-

myBill is a pay-per-use utilities revenue assurance platform for the liberalized electricity market in Singapore. In the newly liberalized and fully competitive electricity market, also known as the Open Electricity Market, energy retailers will not know in advanced how many customers they can sign up. The myBill platform is targeted at energy retailers that cannot afford multi-million dollar billing software by allowing them a pay-per-use scheme for electricity billing.

Subscription to myBill platform has been increasing steadily since its launch in June 2018. We expect that the number of subscriptions will continue to increase in the coming quarters.



## MANAGEMENT DISCUSSION AND ANALYSIS Business Review

### SpaceMonster

Three months ended 31 August 2019 S\$		Three months ended 31 August 2018 S\$
50,510	SpaceMonster Revenue	16,688

Demand in venue sharing services continued to increase and our **SpaceMonster**'s revenue had a healthy growth of 202.7% in revenue as compared to last year's first quarter. Gross profit of **SpaceMonster** remained healthy at 89.9%.



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# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Prospect and Outlook

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Our corporate objective is to achieve sustainable growth in our business and financial performance so that we can create long-term Shareholder's value.

The Singapore markets for enterprise application software and building energy management systems remain robust and are expected to grow throughout 2019. With Singapore's focus on Smart Nation (especially Smart Energy) initiatives, the Starlight business unit is expected to provide major contribution to the Group's growth in financial year 2020.

Many countries in Asia are putting out pilot programs to commence their Smart City journeys and Anacle is the market leader in putting the Smart in the edge of the grid. As such, the benefits of Starlight and Tesseract will be felt both by the enterprise users of energy as well as residential households. With such positive developments, the Directors are optimistic about the Group's long term growth.

The TESSERACT, our revolutionary Internet-of-Things device for the smart energy market has far greater capabilities and computing power than competing brands of smart meters in the same price range. With most of the R&D and product development accomplished, the Group can now focus on commercialising the TESSERACT, which we expect will be a key driver for the Starlight business unit.

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

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### REVENUE

Revenue for the Group for the Reporting Period increased by S\$149,762 or 4.2% from S\$3,577,073 during the three months ended 31 August 2018 to S\$3,726,835 during the Reporting Period. Revenue from Simplicity decreased by S\$231,567 and revenue from Starlight decreased by S\$55,388. The decrease in Simplicity's and Starlight's revenue was partially offset by an increase in revenue from SpaceMonster by S\$ 33,822 of 202.7% and our new business unit, myBill by S\$402,895 or 4,975.9%. Detailed analysis of each business unit's revenue are discussed in the preceding Business Review section.

### COST OF SALES

During the Reporting Period, cost of sales for the Group increased by 22%. Simplicity's cost of sales decreased by 6.0% which is offset by the increase in Starlight's cost of sales by 68.1%. The major contributor of Starlight's increase in cost of sales was third party contractor costs followed by staff remuneration. SpaceMonster and myBill's increase in cost of sales was 37.0% and 139.7%, respectively, which was due to increased support for the revenue growth of the two business units.

### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit decreased by S\$251,561 or 8.7% during the Reporting Period. Gross profit margin, however, has decreased by 14.3% due to higher cost of sales and lower revenue.

Simplicity's gross profit decreased was attributed to the poor performance of our PRC joint venture. The Group's core Simplicity business unit in Singapore had a gross profit margin of 56.7%, a 2.4% from the 54.3% gross profit margin in last year's quarter. Our PRC joint venture's Simplicity business units suffered a gross loss of 70.2% which resulted in the overall decrease of gross profit margin in Simplicity.

myBill, our new utilities revenue assurance platform is currently in its second year of operations and we are pleased to report that the number of subscriptions have been increasing and so has the revenue. myBill's revenue has increased significantly this quarter from S\$8,097 to S\$410,992. myBill has turned profitable with a gross profit margin of 22.1%. We are working on improving the platform to further increase the gross profit margin.

Starlight's gross profit decreased by 43.0% or S\$344,537 due to the decrease in its revenue and increased costs as discussed in the preceding Business Review section.

SpaceMonster has improved its profitability at 89.9% this quarter as compared to 77.7% in the last year's first quarter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### ADMINISTRATIVE EXPENSES

The increase of S\$ 373,386 was attributed to mainly to our PRC joint venture's operations. Administrative expenses of the Group's core operations in Singapore remained stable.

#### MARKETING AND OTHER OPERATING EXPENSES

Sales, marketing and distribution expenses have of the Group's core operations in Singapore have remained stable as compared to the same quarter last year. Our PRC joint venture has contributed to the increase as they are still in market exploration and business development phase.

#### RESEARCH AND DEVELOPMENT COSTS

The Group continued to invest in improvements and enhancements to the existing products to better served the evolving market. New features have been continuously added to enhance our customers' experience in using our Simplicity, Starlight and myBill products. By the end of financial year 2020, our Simplicity intangible asset will have 12 months of remaining useful life. The technological advancement in architecture and customers' demand compel us to improve our framework to keep up and move ahead of our competitors.

#### NET LOSS BEFORE TAX

The Group's core operations in Singapore had a small net profit before tax of S\$53,511. The loss position was attributed to S\$ 422,132 of net loss before tax incurred by our PRC joint venture operations.

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## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 August 2019, the interests and short positions of the Directors and the chief executive 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 ("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 (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long Positions in the Shares and the Underlying Shares

Name of Directors	Capacity / Nature of interest	Number of Shares / underlying Shares interested	Total interest	Approximate percentage of the Company's issued shares <sup>(2)</sup>
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,572,000	50,541,783	12.66%
	Beneficial interest	4,969,783 <sup>(1)</sup>		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	27,719,783 <sup>(2)</sup>	6.94%
	Beneficial interest	4,969,783 <sup>(1)</sup>		

Notes:

- (1) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 31 August 2019, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

#### Long Positions in the Shares and the Underlying Shares (Continued)

Save as disclosed above, as at 31 August 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of 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 (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

The above Directors were granted share options under the Pre-IPO Share Option Schemes of the Company to subscribe for the Shares, which are exercisable in four equal tranches at the end of the year commencing on the date of grant and shall expire (i) 10 years from the date on which the share options become exercisable; or (ii) three years from the date on which the Company becomes listed on a stock exchange, whichever is earlier. The following table sets out the details of the share options under the Pre-IPO Share Option Schemes granted to the Directors as at 31 August 2019:

Name of Directors	Exercise price per Share	Number of underlying Shares comprised in the Pre-IPO share options	Date of grant	Approximate percentage of the Company's issued shares <sup>(2)</sup>
Mr. Lau <sup>(1)</sup>	Approximately S\$0.01	4,969,783 <sup>(1)</sup>	10 March 2010	1.25%
Mr. Ong <sup>(2)</sup>	Approximately S\$0.01	4,969,783 <sup>(1)</sup>	10 March 2010	1.25%

Notes:

- (1) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 31 August 2019, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

## CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS  
IN THE SHARES AND UNDERLYING SHARES

As at 31 August 2019, so far as was known to the Directors, the following persons/entities (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO :

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of Company's issued shares <sup>(8)</sup>
Ng Yen Yen <sup>(1)</sup>	Interest of spouse	45,572,000	4,969,783	12.66%
Lim Lay Hong <sup>(2)</sup>	Interest of spouse	22,750,000	4,969,783	6.94%
BAF Spectrum Pte. Ltd. <sup>(3)</sup>	Beneficial interest	39,565,162	-	9.91%
iGlobe Platinum Fund Limited <sup>(4)</sup>	Beneficial interest	82,326,335	-	20.62%
Majuven Fund 1 Ltd. <sup>(5)</sup>	Beneficial interest	36,528,219	-	9.15%
OWW Investments III Limited <sup>(6)</sup>	Beneficial interest	20,873,307	-	5.23%
M1 TeliNet Pte. Ltd. <sup>(7)</sup>	Beneficial interest	20,259,000	-	5.08%
M1 Limited <sup>(7)</sup>	Interest in a controlled corporation	20,259,000	-	5.08%

## Notes:

- (1) Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is the wife of Mr. Ong, the chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (3) BAF Spectrum Pte. Ltd. is beneficially owned by Prof Wong Poh Kam, a non-executive Director, Shah Sanjeev Kumar, Chow Yen Lu Yale, Tan Hong Huat, Hellmut Schutte, William Klippgen, Chua Seng Kiat and five other second-tier investors.
- (4) iGlobe Platinum Fund Limited is beneficially owned by Asia Core Properties Inc. Pte. Ltd., Lee Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard Haug, Harry Harmain Diah, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd., Kepventure Pte. Ltd., Khattar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe Sarraut, Hu Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Koichiro.
- (5) Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.
- (6) OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhua, Zang Yi, Yu Hai, Pang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.
- (7) M1 Limited wholly owns M1 TeliNet Pte. Ltd. and is deemed to be interested in the Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 August 2019 (i.e. 399,158,496 Shares).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (Continued)**

Save as disclosed above, as at 31 August 2019, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEMES

#### Pre-IPO Share Option Schemes

The Company adopted two Pre-IPO Share Option Schemes with the approval of the Board. The principal terms of the two Pre-IPO Share Option Schemes are substantially identical to each other.

The Pre-IPO Share Option Schemes are intended to promote the interests of the Company by providing eligible individuals who are responsible for the management, growth and financial success of the Company or who otherwise render valuable services to the Company with the opportunity to acquire a proprietary interest, in the Company and thereby encourage them to remain in the service of the Company.

These Pre-IPO share options are exercisable at either approximately S\$0.01 per share or S\$0.07 per share (as the case may be and taking into account the automatic adjustment due to the sub-division of shares of the Company that took place on 24 November 2016), each becoming exercisable in four equal tranches at the end of each year commencing from the grant date and shall expire (i) ten years from the day on which the Pre-IPO share options become exercisable; or (ii) three years from the Listing Date, whichever is earlier.

As at 31 August 2019 and the date of this report, share options comprising 31,179,876 underlying Shares have been granted to 11 grantees under the terms of the Pre-IPO Share Option Schemes. These grantees comprised two Directors, four members of our senior management, and five current/former employees of the Group.

All the above Pre-IPO share options have not been exercised as at 31 August 2019 and as at the date of this report.

#### Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016. Since the adoption of the Post-IPO Share Option Scheme, no share option has been granted, exercised or cancelled by the Company under the Post-IPO Share Option Scheme and there were no outstanding share options under the Post-IPO Share Option Scheme as at 31 August 2019 and as at the date of this report.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Required Standard of Dealings. The Company had made specific enquiries with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings throughout the Reporting Period.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or the controlling shareholders of the Company, or their respective close associates had an interest in any business which directly or indirectly competed or might compete with the business of the Group.

### PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

### INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, KGI Capital Asia Limited (the "Compliance Adviser"), as at 28 February 2019, save for the compliance adviser agreement dated 15 August 2016 entered into between the Company and the Compliance Adviser, none of the Compliance Adviser nor its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through solid corporate governance.

The Company's corporate governance practices are based on the principles and the code provisions of corporate governance as set out in the CG Code in Appendix 15 to the GEM Listing Rules and in relation to, among others, the Directors, chairman of the Board and chief executive officer, the Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and the communications with the Shareholders.

To the best knowledge of the Board, the Company has adopted and has complied with all applicable code provisions set out in the CG Code during the Reporting Period and thereafter to the date of this report.

### DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 31 August 2019 (31 August 2018: S\$Nil).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

The Board established the Audit Committee on 24 November 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises two independent non-executive Directors, namely Mr. Li Man Wai and Mr. Elango Subramanian and one non-executive Director, Mr. Robert Chew. Mr. Li Man Wai was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company. The 2019 First Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

By order of the Board  
**Anacle Systems Limited**  
**Lee Suan Hiang**  
*Chairman*

Singapore, 4 October 2019



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