



Anacle Systems Limited

**THIRD QUARTERLY REPORT  
2019**

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”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.*



## Table of Contents

Definitions	4
Corporate Information	6
Financial Highlights	7
Condensed Consolidated Statement of Comprehensive Income	8
Condensed Consolidated Statement of Changes in Equity	9
Notes To The Condensed Consolidated Financial Statements	10
Business Review	20
Future Prospect and Outlook	24
Financial Review	25
Corporate Governance and Other Information	27

## 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 nine months ended 28 February 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

Mr. Kwok Siu Man  
Ms. Sylvia Sundari Poerwaka

### COMPANY WEBSITE

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

### GEM STOCK CODE

8353

### AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex  
Mr. Ong Swee Heng

### INDEPENDENT AUDITOR

BDO Limited

### COMPLIANCE ADVISER

KGI Capital Asia Limited

### HONG KONG LEGAL ADVISER

Deacons

### 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 BANKER

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

## FINANCIAL HIGHLIGHTS

From Third Quarter 2019

	Nine months ended	
	28 February 2019 (unaudited) S\$	28 February 2018 (unaudited) S\$
Revenue	7,437,633	10,340,150
Gross profit	1,223,442	4,351,428
(Loss)/profit before tax	(3,086,372)	153,041

### 28.1% DECREASE IN REVENUE

Starlight Project commencement delays and introduction of new Project implementation methodology and reporting framework resulted in delivery delays. Simplicity's pipeline from existing customers remains healthy and so is Starlight's. The group is now stepping up its effort to expand to international market to achieve a higher revenue growth. Revenue from myBill and SpaceMonster continued to grow steadily which partially offset the lower revenue from Starlight and Simplicity.

### 71.9% 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.

### S\$ 3,239,413 DECREASE IN PROFIT BEFORE TAX

Higher sales, marketing and product development expenses combined with the decrease in revenue resulted in the net loss position during the Reporting Period.

### DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2019 (28 February 2018: S\$Nil).

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 28 February		Nine months ended 28 February	
		2019 (unaudited) S\$	2018 (unaudited) S\$	2019 (unaudited) S\$	2018 (unaudited) S\$
<b>Revenue</b>	5	274,763	4,997,819	7,437,633	10,340,150
Cost of sales		(1,966,412)	(3,285,105)	(6,214,191)	(5,988,722)
<b>Gross profit</b>		(1,691,649)	1,712,714	1,223,442	4,351,428
Other revenue	6	12,323	1,130	15,032	28,163
Other gains and (losses)	7	(40,531)	(59,235)	(13,862)	(163,440)
Marketing and other operating expenses		(548,937)	(392,218)	(1,319,669)	(1,180,980)
Administrative expenses		(923,988)	(1,022,856)	(2,706,218)	(2,772,199)
Research and development costs		(101,942)	(33,860)	(285,097)	(109,931)
<b>(Loss)/profit before income tax</b>	8	(3,294,724)	205,675	(3,086,372)	153,041
Income tax expense	9	(3,995)	95	(17,384)	(16,030)
<b>(Loss)/profit for the period</b>		(3,298,719)	205,770	(3,103,756)	137,011
<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		(7,476)	6,662	(6,087)	19,670
<b>Total comprehensive income for the period</b>		(3,306,195)	212,432	(3,109,843)	156,681
		Singapore cents	Singapore cents	Singapore cents	Singapore cents
<b>Earnings/(loss) per share attributable to owners of the Company</b>					
- Basic	11	(0.83)	0.05	(0.78)	0.03
- Diluted	11	(0.83)	0.05	(0.78)	0.03



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital S\$	Share premium S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	(Accumulated losses)/ retained profits S\$	Total S\$
<b>At 31 May 2018 (audited)</b>	<b>20,756,598</b>	<b>(1,376,024)</b>	<b>1,294,891</b>	<b>71,284</b>	<b>(2,891,447)</b>	<b>17,855,302</b>
Loss for the period	-	-	-	-	(3,103,756)	(3,103,756)
Other comprehensive income	-	-	-	(6,087)	-	(6,087)
Total comprehensive income	-	-	-	(6,087)	(3,103,756)	(3,109,843)
Recognition of share-based payment expenses	-	-	68,638	-	-	68,638
<b>As at 28 February 2019 (unaudited)</b>	<b>20,756,598</b>	<b>(1,376,024)</b>	<b>1,363,529</b>	<b>65,197</b>	<b>(5,995,203)</b>	<b>14,814,097</b>
<b>At 31 May 2017 (audited)</b>	<b>20,756,598</b>	<b>(1,376,024)</b>	<b>1,118,925</b>	<b>65,322</b>	<b>(3,176,227)</b>	<b>17,388,594</b>
Profit for the period	-	-	-	-	137,011	137,011
Other comprehensive income	-	-	-	19,670	-	19,670
Total comprehensive income	-	-	-	19,670	137,011	156,681
Recognition of share-based payment expenses	-	-	133,503	-	-	133,503
<b>As at 28 February 2018 (unaudited)</b>	<b>20,756,598</b>	<b>(1,376,024)</b>	<b>1,252,428</b>	<b>84,992</b>	<b>(3,039,216)</b>	<b>17,678,778</b>

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## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Third Quarter 2019

### 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 Company was listed on the GEM on 16 December 2016.

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 nine months ended 28 February 2019 (the “**Third Quarterly Financial Statements**”) were approved for issue by the Board on 8 April 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 Third Quarterly Financial Statements have been prepared under the historical cost basis.

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

The Third 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 2018 (the “**2018 Financial Statements**”).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Third 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 Third Quarterly Financial Statements are consistent with those used in the preparation of the 2018 Financial Statements.

### 3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

#### (a) New/revised IFRSs adopted as at 1 June 2018

In the current period, the Group has adopted for the first time the following new/revised IFRSs which are relevant to the Group’s operations and effective for the Group’s condensed consolidated financial statements for the annual period beginning on 1 June 2018.

#### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 June 2018. In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 June 2018.

IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (CONT’D)

#### (a) New/revised IFRSs adopted as at 1 June 2018 (Cont’d)

##### IFRS 15 - Revenue from Contracts with Customers (Cont’d)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

In respect of revenue from projects, the Group recognises revenue at a point in time when the customer obtains control of the distinct goods and services.

In respect of revenue from recurring services and lease of equipment, the Group recognises revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (CONT’D)

#### IFRS 9 - Financial Instruments

IFRS 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an “expected credit loss” model for the impairment of financial assets.

The adoption of IFRS 9 has impacted for trade receivables, retention receivables and contract assets, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

The directors of the Company reviewed and assessed the Group’s financial assets as at 1 June 2018 based on the facts and circumstances that existed at that date. The application of IFRS 9 has had no material impact on the classification and measurement of financial assets on the condensed consolidated financial statements.

#### **(b) New/revised IFRSs that have been issued but are not yet effective**

The Group has not early adopted the new/revised IFRSs that have been issued but are not yet effective for the current accounting period. The Group is currently assessing the impact of these new or revised IFRSs upon initial application but is not yet in a position to state whether these new or revised IFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group’s accounting policies in the accounting periods when they first become effective.

Information on new and amended IFRSs that are expected to have impact on the Group’s accounting policies is provided below. Other new/revised IFRSs are not expected to have a material impact on the Group’s condensed consolidated financial statements.

#### IFRS 16 - Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (CONT’D)

#### (b) New/revised IFRSs that have been issued but are not yet effective (Cont’d)

##### IFRS 16 - Leases (Cont’d)

Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of IAS 16 “Property, Plant and Equipment”, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

IFRS 16 will primarily affect the Group’s accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. 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	
	Nine months ended 28 February							
	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	5,804,757	5,977,490	1,541,013	4,358,670	91,863	3,990	7,437,633	10,340,150
Gross profit/(loss)	915,979	3,284,246	229,360	1,077,727	78,103	(10,545)	1,223,442	4,351,428
Depreciation and amortisation	640,655	358,524	87,328	56,656	9,646	9,646	737,629	424,826
Write-down of inventories	-	-	889	(5,051)	-	-	889	(5,051)
Reportable segment profit/(loss)	160,926	2,681,937	(489,286)	439,463	77,698	(11,499)	(250,662)	3,109,901

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
<b>Profit/(Loss) before income tax</b>				
Reportable segment (loss)/profit	(2,300,291)	1,305,217	(250,662)	3,109,901
Other revenue	12,323	1,014	15,032	27,954
Other gains and (losses)	(43,808)	(61,540)	(12,973)	(168,490)
Unallocated expenses:				
- Staff costs	(590,584)	(496,442)	(1,535,912)	(1,367,873)
- Share-based payments	(22,571)	(43,127)	(68,638)	(133,503)
- Rental expenses	(174,922)	(184,563)	(539,324)	(548,450)
- Legal and professional fee	(64,751)	(164,679)	(258,905)	(354,759)
- Others	(110,120)	(150,205)	(434,990)	(411,739)
Consolidated (loss)/profit before income tax	(3,294,724)	205,675	(3,086,372)	153,041

#### c) Geographical information

The Group operates in three principal geographical areas – Singapore, Malaysia and other Asian countries.

The following table provides an analysis of the Group's revenue from external customers:

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Singapore	208,686	4,937,846	6,708,257	9,989,900
Malaysia	33,707	46,597	123,983	199,990
PRC	-	-	550,350	-
Others	32,370	13,376	55,043	150,260
	274,763	4,997,819	7,437,633	10,340,150



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$
Project income	18,704	4,385,630	5,516,177	8,339,249
Recurring service income	247,884	601,474	1,885,016	1,969,956
Rental income	8,175	10,715	36,440	30,945
	274,763	4,997,819	7,437,633	10,340,150

### 6. OTHER REVENUE

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$
Government grants	-	-	-	25,193
Interest income	560	833	2,088	2,330
Others	11,763	297	12,944	640
	12,323	1,130	15,032	28,163

### 7. OTHER GAINS AND (LOSSES)

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$
Net exchange loss	(43,808)	(61,540)	(12,973)	(168,490)
Write-off of inventories	3,277	2,306	(889)	5,051
	(40,531)	(59,235)	(13,862)	(163,440)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	2,411,148	1,853,336	6,470,138	5,403,673
Contributions on defined contribution retirement plans	184,406	158,019	525,071	452,680
Share-based payments	22,571	43,127	68,638	133,503
	2,618,125	2,054,482	7,063,847	5,989,856
Less: amount capitalised as intangible assets	(126,098)	(320,284)	(414,752)	(1,251,502)
	2,492,027	1,734,198	6,649,095	4,738,354
Auditor's remuneration	80	21	9,635	9,979
Depreciation of property, plant and equipment	32,321	33,626	91,357	130,594
Amortisation of intangible assets	231,694	137,656	695,101	412,970
Write-down of inventories	(3,277)	(2,305)	889	(5,050)

### 9. INCOME TAX EXPENSE

	Three months ended 28 February		Nine months ended 28 February	
	2019	2018	2019	2018
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Current tax	3,995	(89)	17,384	15,034
Deferred tax	-	(6)		996
	3,995	(95)	17,384	16,030

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 nine months ended 28 February 2019 and 28 February 2018.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2019 (28 February 2018: S\$Nil).

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

For the nine months ended 28 February 2019, the basic and diluted loss per share of the Company was S\$0.78 cents. The calculation is based on the loss attributable to the owners of the Company of S\$3,013,756 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 nine months ended 28 February 2018, the basic and diluted earnings per share of the Company was S\$0.03 cents. The calculation is based on the profit attributable to the owners of the Company of S\$137,011 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.

### 12. SHARE CAPITAL

	Number of Shares	S\$
<b>Issued and fully paid</b>		
Ordinary Shares	399,158,496	20,756,598
As at 31 May 2018 (audited)	399,158,496	20,756,598
<b>As at 28 February 2019 (unaudited)</b>	<b>399,158,496</b>	<b>20,756,598</b>

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## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

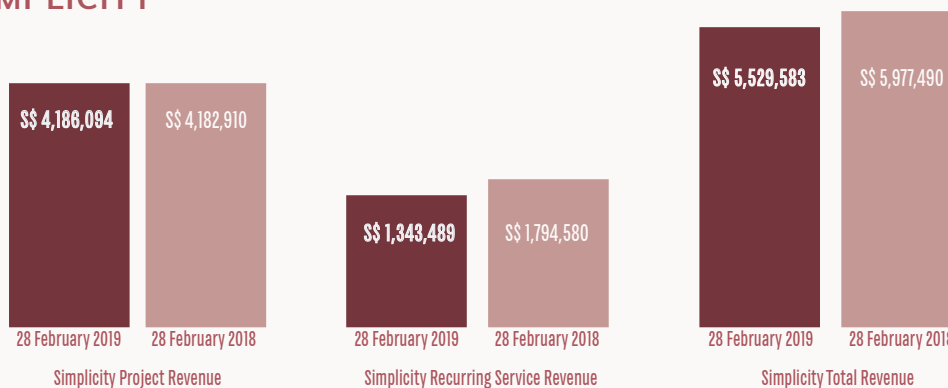
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Established in 2006, the Group is a fast-growing IT company based in Singapore. We specialise in offering, via the on-premise model and SaaS delivery model, (i) enterprise application software which is designed to assist commercial property and building 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



Nine months ended 28 February 2019 S\$		Nine months ended 28 February 2018 S\$
5,529,583	<b>Total Simplicity Revenue</b>	<b>5,977,490</b>
4,186,094	Simplicity Project Revenue	4,182,910
1,343,489	Simplicity Recurring Service Revenue	1,794,580

**▼7.5%** (28 February 2018: ▼21.9%)  
**TOTAL SIMPLICITY REVENUE**

**▲0.1%** (28 February 2018: ▼29.2%)  
**SIMPLICITY PROJECT REVENUE**

**▼25.1%** (28 February 2018: ▲3.1%)  
**SIMPLICITY RECURRING SERVICE REVENUE**

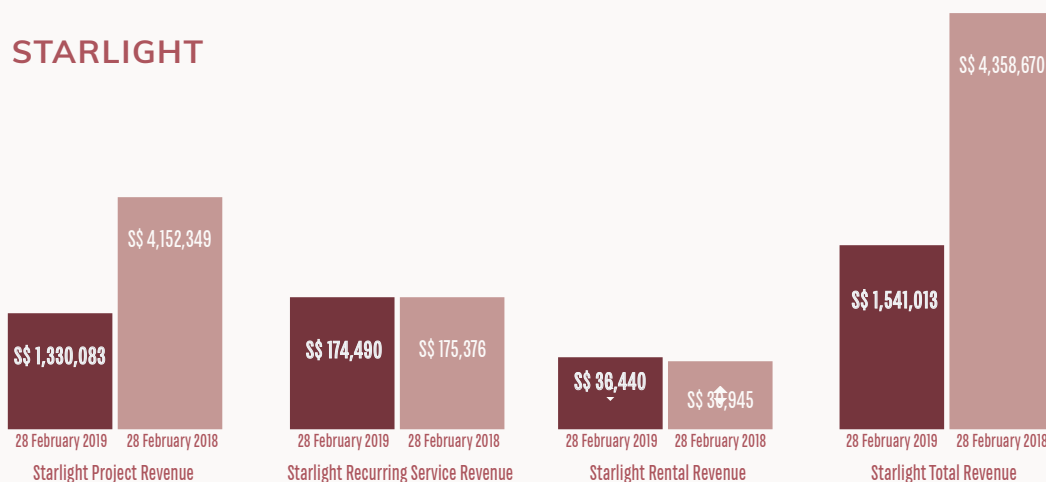
The decrease in Simplicity's total revenue was mainly attributed by the delay in the renewal of recurring service contracts by customers. The decrease of S\$451,091 in recurring revenue was attributed to the delay. Revenue from Simplicity enterprise application software implementation remained stable as compared to the nine months ended 28 February 2018. The majority of corporate or commercial real estate owners have used our Simplicity software. System enhancements and upgrades by our existing customers contribute to our healthy pipeline for Simplicity. We are focusing on providing further value added services to existing customers to support the revenue growth.

We acknowledge that to achieve the next phase of major revenue growth for our Simplicity application software implementation we have to expand overseas. We have expanded our sales and delivery of Simplicity enterprise software to the PRC market, which to date, have contributed to S\$550,350 of revenue.

We will continue to maintain our focus on both value added services to our existing customers and our efforts on overseas market expansion.

## MANAGEMENT DISCUSSION AND ANALYSIS Business Review

### STARLIGHT



Nine months ended 28 February 2019 S\$		Nine months ended 28 February 2018 S\$
1,541,013	<b>Total Starlight Revenue</b>	4,358,670
1,330,083	Starlight Project Revenue	4,152,349
174,490	Starlight Recurring Service Revenue	175,376
36,440	Starlight Rental Revenue	30,945

**▼64.6%** (28 February 2018: ▲90.9%)  
**TOTAL STARLIGHT REVENUE**

**▼68.0%** (28 February 2018: ▲91.0%)  
**STARLIGHT PROJECT REVENUE**

**▼0.5%** (28 February 2018: ▲88.2%)  
**STARLIGHT RECURRING SERVICE REVENUE**

**▲17.8%** (28 February 2018: ▲94.4%)  
**STARLIGHT RENTAL REVENUE**

Our major energy implementation project in Singapore which contributed to the majority of revenue in the nine months period ending 28 February 2018 is now nearing completion. The delay in the commencement of our new smart-home energy monitoring in Singapore and smart-nation energy monitoring in Malaysia contributed to the significant decrease in Starlight revenue.

We have also significantly increased our sales efforts to overseas market and our marketing efforts to promote Starlight and **TESSERACT** to both local and overseas market.

Our pipeline for Starlight remain healthy which is an indication that that demand for energy management remained strong to sustain future revenue growth for Starlight.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

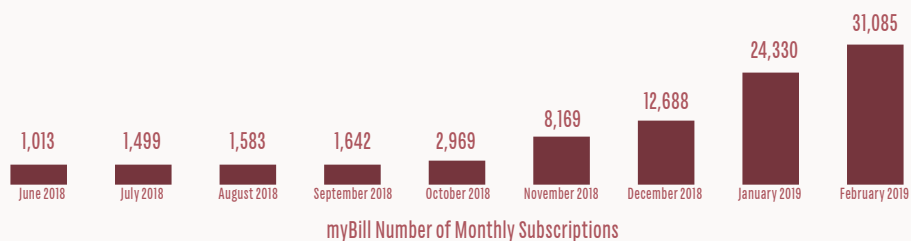
#### myBill

Nine months ended 28 February 2019 S\$		Nine months ended 28 February 2018 S\$
275,174	myBill Recurring 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.

Post Singapore's soft launch of the Open Electricity Market in late April 2018 in the district of Jurong with 130,000, Anacle has signed up 4 energy retailers onto the platform. It has been announced that the full liberalisation of the market for 1.5 million household and small commercial consumers will take place in phases from 1 November 2018 to 1 May 2019.

Subscription to myBill platform has been increasing steadily since its launch in June 2018. From its initial launch to the Reporting Period, myBill has generated revenue of S\$275,174 (28 February 2018: S\$Nil).



#### SpaceMonster

Nine months ended 28 February 2019 S\$		Nine months ended 28 February 2018 S\$
91,863	SpaceMonster Recurring Revenue	3,990

During the Reporting Period, **SpaceMonster's** revenue increased significantly by 2,202% as demand in venue sharing services continued to increase, especially as **SpaceMonster** was selected to be the platform for the Government Technology Agency of Singapore ("GovTech") initiative for venue sharing among 90 government agencies.

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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 2019.

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 in the current and next financial year.



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# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

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### REVENUE

Revenue for the Group for the Reporting Period decreased by S\$2,902,517 or 28.1% from S\$10,340,150 during the nine months ended 28 February 2018 to S\$7,437,633 during the Reporting Period. Revenue from Simplicity decreased by S\$447,901 and revenue from Starlight decreased by S\$2,817,657. The decrease in Simplicity's and Starlight's revenue was partially offset by an increase in revenue from SpaceMonster and our new business unit, myBill. 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 3.8%. Simplicity's cost of sales increased by 64.6% which is offset by the decrease in Starlight's and SpaceMonster's cost of sales by 60.0% and 5.3%, respectively. The primary factor for the increase in Simplicity's cost of sales was staff cost and third party contractors' costs for certain Simplicity projects.

### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit decreased by S\$3,127,987 or 71.9% during the Reporting Period. Gross profit margin, however, has decreased by 25.6% due to higher cost of sales and lower revenue.

Simplicity's gross profit margin decreased by 35.1% due to a high profile government smart office project which selected Anacle's Simplicity out of a large competitive field of leading international technology firms. Simplicity's gross profit also decreased by S\$2,187,640 due to higher cost of sales and lower revenue.

myBill, our new utilities revenue assurance platform is currently in its initial trial run and we are pleased to report that the number of subscriptions have been increasing and so has the revenue. myBill's revenue has increased by 167.8% during the Reporting Period as compared to our second quarter ended 30 November 2018. myBill's gross loss margin has decreased to 66.9% from the reported gross loss margin of 183.8% during our last second quarter. We expect myBill's number of subscriptions will continue to grow and we expect that myBill will turn profitable in the next financial year.

Starlight's gross profit decreased by S\$848,368 due to the decrease in its revenue as discussed in the preceding Business Review section.

SpaceMonster has finally turned profitable with a healthy gross profit margin of 85.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### ADMINISTRATIVE EXPENSES

Administrative expenses have remained fairly stable. During the Reporting Period, administrative expenses reduced by 2.4% or S\$65,981.

#### MARKETING AND OTHER OPERATING EXPENSES

Sales, marketing and distribution expenses have increased by 11.7% or S\$138,689 because the group has stepped up its overseas business development efforts for both Simplicity and Starlight to expand the market to overseas. The group continued to participate in trade fairs and on-going overseas sales activities to expand the Group's business geographically, especially to the PRC region.

#### 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.

#### NET LOSS BEFORE TAX

Lower revenue and an overall increase in cost of sales, sales and marketing as and research and development expenses have resulted in a net loss before tax of S\$3,086,372 during the Reporting Period (28 February 2018: Profit S\$153,041).

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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 28 February 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>(4)</sup>
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,500,000	50,469,783 <sup>(1)</sup>	12.64%
	Beneficial interest	4,969,783 <sup>(3)</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>(3)</sup>		

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife and is deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's wife and is deemed to be interested in the Shares and the underlying Shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.
- (3) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 28 February 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 EXECUTIVES' 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 28 February 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 Listing Date, whichever is earlier; or (ii) three years from the date on which the Company becomes listed on a stock exchange. The following table sets out the details of the share options under the Pre-IPO Share Option Schemes granted to the Directors as at 28 February 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>(4)</sup>
Mr. Lau <sup>(1)</sup>	Approximately S\$0.01	4,969,783 <sup>(3)</sup>	10 March 2010	1.25%
Mr. Ong <sup>(2)</sup>	Approximately S\$0.01	4,969,783 <sup>(3)</sup>	10 March 2010	1.25%

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife and is deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's wife and is deemed to be interested in the Shares and the underlying Shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.
- (3) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 28 February 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 EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

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

As at 28 February 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>(11)</sup>
Ng Yen Yen <sup>(1)</sup>	Interest of spouse	45,500,000	4,969,783	12.64%
Anna Lau Wu You <sup>(2)</sup>	Interest of a child	45,500,000	4,969,783	12.64%
Sara Lau Xiao Yu <sup>(3)</sup>	Interest of a child	45,500,000	4,969,783	12.64%
Alex Lau Xuan Ye <sup>(4)</sup>	Interest of a child	45,500,000	4,969,783	12.64%
Lim Lay Hong <sup>(5)</sup>	Interest of spouse	22,750,000	4,969,783	6.94%
BAF Spectrum Pte. Ltd. <sup>(6)</sup>	Beneficial interest	39,565,162	-	9.91%
iGlobe Platinum Fund Limited <sup>(7)</sup>	Beneficial interest	82,326,335	-	20.62%
Majuven Fund 1 Ltd. <sup>(8)</sup>	Beneficial interest	36,528,219	-	9.15%
OWW Investments III Limited <sup>(9)</sup>	Beneficial interest	20,873,307	-	5.23%
M1 TeliNet Pte. Ltd. <sup>(10)</sup>	Beneficial interest	20,259,000	-	5.08%
M1 Limited <sup>(10)</sup>	Interest in a controlled corporation	20,259,000	-	5.08%

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife 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) Anna Lau Wu You is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (3) Sara Lau Xiao Yu is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (4) Alex Lau Xuan Ye is Mr. Lau's son under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (5) Ms. Lim Lay Hong is Mr. Ong's wife and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (6) BAF Spectrum Pte. Ltd. is beneficially owned by Prof Wong Poh Kam, Shah Sanjeev Kumar, Chow Yen Lu Yale, Tan Hong Huat, Hellmut Schutte, William Klippgen, Chua Seng Kiat and five other second-tier investors.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 28 February 2019 (i.e. 399,158,496 Shares).

Save as disclosed above, as at 28 February 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 28 February 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 28 February 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 28 February 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 28 February 2019 (28 February 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 Third 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, 8 April 2019

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