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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

“ While the climb might seem infinitely daunting, the tree continues to grow, when the heights are finally scaled, the true expanse of our aspiration will finally be laid bare to the world.

*Alex Lau, CEO of Anacle Systems*



**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE" AND THE "GEM", RESPECTIVELY)**

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*This report, for which the directors of Anacle Systems Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this 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”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“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
“Preference Share(s)”	Series A Preference Share(s), Series B Preference Share(s), Series C Preference Share(s) and Series D Preference Share(s) of the Company
“Prospectus”	the prospectus issued by the Company on 30 November 2016 in connection with the Placing
“Reporting Period”	the three months ended 31 August 2017

### DEFINITIONS

“Required Standard of Dealings”	the required standard of dealings in securities pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules
“Series A Preference Share(s)”	300,000 Preference Shares issued by the Company to the Series A investors in September 2006, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series B Preference Share(s)”	434,782 Preference Shares issued by the Company to the Series B investors in two tranches in September 2007 and January 2008, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series C Preference Share(s)”	722,823 Preference Shares issued by the Company to the Series C investors in March 2010, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series D Preference Share(s)”	824,117 Preference Shares issued by the Company to the Series D investors in December 2013 and 5,734 Preference Shares issued in June 2016, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“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 <b>Starlight</b> 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. Elango Subramanian (*Chairman*)  
Mr. Alwi Bin Abdul Hafiz  
Prof. Wong Poh Kam

#### 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  
31/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

**FINANCIAL HIGHLIGHTS**

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue	2,795,272	2,581,743
Gross profit	1,581,746	1,563,387
Profit/(loss) before tax	308,953	(1,264,578)

- The Group's total revenue increased by 8.3% to approximately S\$2.79 million during the Reporting Period from approximately S\$2.58 million in the three-month period ended 31 August 2016.
- The Group's gross profit increased by 1.2% to approximately S\$1.58 million during the Reporting Period from approximately S\$1.56 million in the three-month period ended 31 August 2016.
- The Group recorded a net profit before tax of approximately S\$0.31 million during the Reporting Period (31 August 2016: Loss S\$1.26 million). The net loss before tax for the three-month period ended 31 August 2016 was mainly due to the recognition of the one-off listing expenses of approximately S\$1.18 million (31 August 2017: S\$Nil) and employee share-based payment of approximately S\$0.17 million (31 August 2017: S\$0.04 million).
- The Board does not declare the payment of a dividend for the three months ended 31 August 2017.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August	
		2017 (unaudited) S\$	2016 (unaudited) S\$
<b>Revenue</b>	4	2,795,272	2,581,743
Cost of Sales		(1,213,526)	(1,018,356)
<b>Gross profit</b>		1,581,746	1,563,387
Other revenue	5	250	12,300
Other gains and (losses)	6	(100,847)	(7,444)
Marketing and other operating expenses		(349,034)	(233,092)
Administrative expenses		(787,917)	(1,213,141)
Research and development costs		(35,245)	(36,166)
Listing expenses		-	(1,349,535)
Finance costs		-	(887)
<b>Profit/(loss) before income tax</b>	7	308,953	(1,264,578)
Income tax expense	8	(16,283)	(3,601)
<b>Profit/(loss) for the period</b>		292,670	(1,268,179)
<b>Other comprehensive income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		14,925	(3,313)
<b>Total comprehensive income for the period</b>		307,595	(1,271,492)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		292,670	(1,268,179)
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		307,595	(1,271,492)
<b>Earnings/(Loss) per share attributable to owners of the Company:</b>		Singapore cents	Singapore cents
Basic	10	0.07	(1.39)
Diluted	10	0.07	(0.42)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Ordinary Shares S\$	Preference Shares S\$	Share premium S\$	Share-based compensation reserve* S\$	Exchange- fluctuation reserve* S\$	(Accumulated losses)/retained profits S\$	Total S\$
<b>At 1 June 2017 (audited)</b>	20,756,598	-	(1,376,024)	1,118,925	65,322	(3,176,227)	17,388,594
Profit for the period	-	-	-	-	-	292,670	292,670
Other comprehensive income	-	-	-	-	14,925	-	14,925
Total comprehensive income	20,756,598	-	(1,376,024)	1,118,925	80,247	(2,883,557)	17,696,189
Recognition of share- based payment expenses	-	-	-	46,769	-	-	46,769
<b>At 31 August 2017 (unaudited)</b>	20,756,598	-	(1,376,024)	1,165,694	80,247	(2,883,557)	17,742,958
<b>At 1 June 2016 (audited)</b>	10,000	6,955,000	-	756,707	48,460	44,817	7,814,984
Loss for the period	-	-	-	-	-	(1,223,362)	(1,223,362)
Other comprehensive income	-	-	-	-	(3,313)	-	(3,313)
Total comprehensive income	10,000	6,955,000	-	756,707	45,147	(1,223,362)	6,543,492
Issuance of Preference Shares	-	34,998	-	-	-	-	34,998
Recognition of share-based payment expenses	-	-	-	170,428	-	-	170,428
<b>At 31 August 2016 (unaudited)</b>	10,000	6,989,998	-	927,135	45,147	(1,223,362)	6,748,918

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 three months ended 31 August 2017 and 31 August 2016 (the “**First Quarterly Financial Statements**”) were approved for issue by the Board on 9 October 2017.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The First 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 thereby should be read in conjunction with the annual financial statements for the year ended 31 May 2017 (the “**2017 Financial Statements**”). The 2017 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 2017 Financial Statements.

The Group has not applied or early adopted the new or revised IFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results. 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.

### 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** – a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management and customer relationship management;

- **Starlight** – a one-stop cloud-based energy management solutions which provide all-time access to the energy profiles of buildings, including information such as energy consumption, power quality, energy 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		Starlight		SpaceMonster		Total	
	Three months ended 31 August							
	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue from external customers	2,099,719	2,208,885	694,804	372,714	749	144	2,795,272	2,581,743
Gross profit/(loss)	1,326,771	1,466,009	261,202	101,524	(6,228)	(4,145)	1,581,746	1,563,387
Depreciation and amortisation	119,508	145,801	14,934	45,800	3,215	3,215	137,657	194,816
Write-down of inventories	-	-	1,850	7,517	-	-	1,850	7,517
Reportable segment profit/(loss) before income tax	1,144,714	1,388,726	35,258	(101,282)	(6,969)	(4,844)	1,173,003	1,282,600

### 3. SEGMENT REPORTING (Continued)

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

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Profit/(Loss) before income tax		
Reportable segment profit	<b>1,173,003</b>	1,282,600
Other revenue	<b>250</b>	4,038
Other gains and losses	<b>(98,997)</b>	73
Finance costs	-	(887)
Unallocated expenses:		
- Staff costs	<b>(334,241)</b>	(704,831)
- Share-based payments	<b>(46,769)</b>	(170,428)
- Rental expenses	<b>(174,968)</b>	(174,968)
- Listing expenses	-	(1,349,535)
- Legal and professional fees	<b>(65,666)</b>	(20,377)
- Others	<b>(143,659)</b>	(130,263)
Consolidated profit/(loss) before income tax	<b>308,953</b>	(1,264,578)

#### (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 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue from external customers		
Singapore	<b>2,663,641</b>	2,462,194
Malaysia	<b>113,820</b>	81,899
Others	<b>17,811</b>	37,650
	<b>2,795,272</b>	2,581,743

#### 4. REVENUE

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Project income	2,117,475	1,939,836
Recurring service income	668,067	638,247
Rental income	9,730	3,660
	<b>2,795,272</b>	2,581,743

#### 5. OTHER REVENUE

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Government grants	-	8,262
Others	250	4,038
	<b>250</b>	12,300

#### 6. OTHER (GAINS) AND LOSSES

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Net exchange loss/(gain)	98,997	(73)
Write-down of inventories	1,850	7,517
	<b>100,847</b>	7,444

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

Profit/(Loss) before income tax is arrived after charging/(crediting):

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	<b>1,566,748</b>	1,496,047
Contributions to defined contribution retirement plans	<b>142,618</b>	148,969
Share-based payments	<b>46,769</b>	170,428
	<b>1,756,135</b>	1,815,444
Less: amount capitalised as intangible assets	<b>(456,639)</b>	(222,881)
	<b>1,299,496</b>	1,592,563
Depreciation of property, plant and equipment	<b>45,900</b>	58,124
Amortisation of intangible assets	<b>137,657</b>	194,816
Write-down of inventories	<b>1,850</b>	7,517

## 8. INCOME TAX EXPENSE

	Three months ended 31 August	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Current tax	<b>15,272</b>	3,601
Deferred tax	<b>1,011</b>	-
	<b>16,283</b>	3,601

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 2017 and 31 August 2016.

## 9. DIVIDEND

The Board does not declare the payment of a dividend for the three months ended 31 August 2017 (31 August 2016: S\$Nil).

## 10. EARNINGS/(LOSS) PER SHARE

For the three months ended 31 August 2017, the basic and diluted earnings per share of the Company was S\$0.07 cents. The calculation is based on the profit attributable to the owners of the Company of S\$292,670 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.

For the three months ended 31 August 2016, the basic loss per share of the Company was S\$1.39. The calculation is based on the loss attributable to the owners of the Company of S\$1,268,179 and 91,000,000 weighted average number of ordinary shares in issue. Diluted loss per share of the Company was S\$0.42 cents. The calculation is based on the loss attributable to the owners of the Company of S\$1,268,179 and 300,301,106 weighted number of ordinary shares in issue.

## 11. SHARE CAPITAL

	Number of Shares	S\$
<b>Issued and fully paid</b>		
Ordinary Shares	399,158,496	20,756,598
<hr/>		
As at 31 May 2017 (audited)	399,158,496	20,756,598
<hr/>		
<b>As at 31 August 2017 (unaudited)</b>	<b>399,158,496</b>	<b>20,756,598</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

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, Taiwan 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 Shares were successfully listed on GEM on 16 December 2016 by way of Placing. The Directors believe that the Listing will assist the implementation of the Group's business strategies as stated in the Prospectus. The net proceeds from the Placing will provide financial resources to the Group to meet and achieve such business opportunities and strategies, which will further strengthen the Group's market position in Malaysia and business expansion to Hong Kong, the PRC and the Middle East. A public listing status will also enhance the Group's corporate profile and assist in reinforcing its brand awareness and market reputation.

### BUSINESS REVIEW

The Group derived a majority of its revenue from **Simplicity** which is a self-developed enterprise application software solution that offers specific solutions for enterprise asset management, shared resources management, tenancy management, supply chain management, customer relationship management and financial 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 save 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.

#### 1. SIMPLICITY

For the Reporting Period, revenue from **Simplicity** amounted to approximately S\$2.10 million as compared to S\$2.21 million for the three months ended 31 August 2016. The majority of the revenue was derived from project-based delivery of enterprise application software solutions based on the **Simplicity** software. The reduction of approximately 5% in revenue was due to seasonal fluctuations and we believe that full year results will continue to report robust growth for **Simplicity**.

#### 2. STARLIGHT

Revenue from **Starlight** amounted to approximately S\$0.69 million and S\$0.37 million for the Reporting Period and the three months ended 31 August 2016, respectively. The majority of the revenue was derived from project-based delivery of energy management solutions based on the **Starlight** solution. **Starlight** has recorded significant growth, with an increase in revenue of approximately 86.4% as compared to that of 2016. Revenue growth is expected to be strong as the Group has a strong sales pipeline and a healthy order backlog.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. SPACEMONSTER

For the Reporting Period, **SpaceMonster**'s revenue increased significantly by approximately 420.1% as compared to that of 2016. The increase in revenue was due to increased demand in venue sharing services by our customers. **SpaceMonster** was selected to be the platform for the Government Technology Agency of Singapore ("**GovTech**") initiative for venue sharing among 90 government agencies. We expect that **SpaceMonster** will report even stronger growth for the upcoming quarters as revenue from our GovTech project starts to flow in.

## FUTURE PROSPECT AND OUTLOOK

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

The Singapore markets for enterprise application software and building energy management systems remain robust and are expected to grow throughout 2017. 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 2018. The Directors are optimistic about the Group's growth in the new year.

The major new development is the successful achievement of all necessary type approvals for the **TESSERACT**, our revolutionary Internet-of-Things device for the smart energy market. The **TESSERACT** has vastly greater capabilities and computing power than smart meters at the same price range in the world. The Group can now move to commercialise the **TESSERACT**, which we expect will be a significant driver for the **Starlight** business unit in the next financial year.

The Company was successfully listed on GEM on 16 December 2016. The proceeds from the Placing have strengthened the Group's cash position and the Group will implement its future plans according to the use of proceeds set out in the Prospectus.

## 2018 FIRST QUARTERLY REPORT

### FINANCIAL REVIEW

#### REVENUE

Revenue for the Group for the Reporting Period increased by approximately 8.3% to S\$2,795,272 from S\$2,581,743 for the three months ended 31 August 2016.

During the Reporting Period, revenue from **Simplicity** decreased slightly by 4.9% or S\$109,166 due to the project-based nature of **Simplicity**. The increased demand for energy management system has contributed to a growth of 86.4% or S\$322,090 in total revenue from **Starlight**. Project based revenue from the implementation of **Starlight** energy management system increased by 76.7% or S\$264,321. Revenues from recurring maintenance service and rental subscription from **Starlight** SaaS model have increased significantly by 213.3% and 165.8% or S\$51,699 and S\$6,070 respectively during the Reporting Period. Rental subscription from SaaS model has been gaining popularity among building owners and energy retailers. Recurring service revenue from maintenance is also expected to grow steadily year-on-year as more **Starlight** energy management systems are being completed and transiting to the maintenance phase.

During the Reporting Period, revenue from **SpaceMonster** increased significantly by 420.1% as demand for venue sharing services increased.

#### COST OF SALES

During the Reporting Period, cost of sales for the Group increased by approximately 19.2% or S\$195,170 from S\$1,018,356 for the three months ended 31 August 2016 to S\$1,213,526. The increase in cost of sales was primarily due to an increase in **Starlight** hardware required for **Starlight** energy management system implementation, an increase in third party contractors for **Starlight** implementation and higher staff headcount.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit margin increased by 1.2% from S\$1,563,387 for the Reporting Period to S\$1,581,746 for the three months ended 31 August 2016.

**Simplicity**'s gross profit decreased slightly by 9.5% due to higher headcount in anticipation of projects in sales pipeline potentially being awarded in the third quarter of financial year 2018. **Starlight**'s gross profit increased by S\$159,678 due to more profitable projects during the Reporting Period. **SpaceMonster**'s gross loss increased by S\$2,082 due to system improvements to the online portal which was made during the Reporting Period.

#### ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by S\$425,224 from S\$1,213,141 for the three months ended 31 August 2016 to S\$787,917 for the Reporting Period. The decrease was mainly attributed to the recognition of non-recurring listing expenses of approximately S\$1,180,353 during the three months ended 31 August 2016 (Reporting Period: S\$Nil). Staff salaries decreased by S\$402,684 because during the three months ended 31 August 2016, there was a payment of staff bonus and key personnel of the Group were involved in the Listing exercise. Time spent by staff on the Listing exercise was not chargeable to listing expenses, however, for the Group's time charging purposes, such time was charged to administrative expenses. The decrease was also due to lower share-based payment recognised because employee share options have mostly vested during the Reporting Period. The decrease in both staff salaries and share-based payment is compensated by an increase in compliance costs after the Listing.

## FINANCIAL REVIEW

### FINANCE COSTS

There was no finance cost during the Reporting Period (31 August 2016: S\$887) because the Group repaid all of its borrowing obligations in August 2016 and the Group had no Shareholders' loan for the Reporting Period (31 August 2016: S\$Nil).

### NET PROFIT FOR THE PERIOD

The Group's net profit before tax was S\$308,953 for the Reporting Period as compared to net loss before tax of approximately S\$1,264,578 for the three months ended 31 August 2016. The turn from loss to profit before tax was attributable to increase in gross profit and decrease in administrative expense as discussed above. Net exchange loss of S\$98,997 was mainly attributable to translation of bank balance denominated in Hong Kong dollars.

## 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

As at 31 August 2017, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or 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 or 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 entered in the register referred to therein; or (c) pursuant to the Required Standard of Dealings, 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	Note	Total interest	Approximate percentage of shareholding
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,500,000	1	50,469,783	12.64%
	Beneficial interest	4,969,783	3		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	2	27,719,783	6.94%
	Beneficial interest	4,969,783	3		

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse 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 spouse 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 31 August 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

Save as disclosed above, as at 31 August 2017, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or 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 or short positions which he/she was taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Required Standard of Dealings, to be notified to the Company and the Stock Exchange.

## 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)

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. 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 2017:

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

#### Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the above underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the above 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 31 August 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 August 2017, so far as was known to the Directors, the following persons/entities (other than the Directors or the chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES (Continued)

## Long Positions in the Shares and the Underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of shareholding
Ng Yen Yen <sup>(1)</sup>	Interest of spouse	45,500,000	4,969,783	12.64%
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 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) 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.
- (3) 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.
- (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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARE (Continued)

- (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 2017 (i.e. 399,158,496 Shares).*

Save as disclosed above, as at 31 August 2017, the Directors were not aware of any other persons which/entities who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the SFO or which would be recorded in the register required to be kept by the Company under 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 day on which the Company become listed on a stock exchange.

As at 31 August 2017 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 2017 and 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 2017 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' INTEREST 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 confirmed by the Group's compliance adviser, KGI Capital Asia Limited (the "**Compliance Adviser**"), as at 31 August 2017 and as the date of this report, save for the compliance adviser agreement entered dated 15 August 2016 into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of 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 three months ended 31 August 2017 (31 August 2016: 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 three independent non-executive Directors, namely Mr. Li Man Wai, Mr. Elango Subramanian and 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 2018 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, 9 October 2017

