



Anacle Systems Limited



**2020 Third Quarterly Report
For the Nine Months Ended
29 February 2020**

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*

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Anacle Systems Limited (the “Company”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (together the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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DEFINITIONS



“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“commercialisation”	a product is considered commercially launched once our product generates its first dollar of revenue
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“Placing”	the placing of the Shares on 16 December 2016
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on 30 November 2016 in connection with the Placing
“Reporting Period”	the nine months ended 29 February 2020

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

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex
Mr. Ong Swee Heng

INDEPENDENT AUDITOR

BDO Limited

HONG KONG SHARE REGISTRAR

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

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1 Fusionopolis View
#08-02 Sandcrawler
Singapore 138577

PRINCIPAL BANKER

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

COMPANY WEBSITE

www.anacle.com

GEM STOCK CODE

8353

FINANCIAL HIGHLIGHTS

From Third Quarter 2020

	Nine months ended	
	29 February 2020 (unaudited) S\$	28 February 2019 (unaudited) S\$
Revenue	12,814,688	7,437,633
Gross profit	4,675,067	1,223,442
Loss before tax	(408,740)	(3,086,372)

72.3%
INCREASE IN REVENUE

The Group has recorded major increase in revenue, contributed by all business segments. This is primarily due to both a much stronger order book as well as a broad recovery of project delivery as a result of improved project delivery methodologies as compared to last year. Increase in revenue is mainly from the Singapore market, which is experiencing heightened investments from both the public and private sectors in Smart City technologies.

282.1%
INCREASE IN GROSS PROFIT

Substantial increase in revenue growth resulted in major increase in gross profit margin.

S\$ 2,677,632
**INCREASE IN EARNINGS
BEFORE TAX**

Increased order book coupled with a reduction in investing in the PRC market resulted in a major reduction of the loss before tax.

DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 29 February 2020 (28 February 2019: S\$Nil).

**CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME**

	Notes	Three months ended		Nine months ended	
		29 February 2020 (unaudited) S\$	28 February 2019 (unaudited) S\$	29 February 2020 (unaudited) S\$	28 February 2019 (unaudited) S\$
Revenue	3	4,734,247	274,763	12,814,688	7,437,633
Cost of sales		(3,234,111)	(1,966,412)	(8,139,621)	(6,214,191)
Gross profit		1,500,136	(1,691,649)	4,675,067	1,223,442
Other revenue	4	6,178	12,323	25,594	15,032
Other gains and (losses)	5	11,706	(40,531)	11,240	(13,862)
Marketing and other operating expenses		(372,958)	(548,937)	(1,243,876)	(1,319,669)
Administrative expenses		(873,597)	(923,988)	(3,192,618)	(2,706,218)
Research and development costs		(179,562)	(101,942)	(639,783)	(285,097)
Finance costs		-	-	(1,629)	-
Impairment loss on investment in an associate		-	-	(42,735)	-
(Loss)/profit before income tax	6	91,903	(3,294,724)	(408,740)	(3,086,372)
Income tax credit/(expense)	7	(27,969)	(3,995)	(19,118)	(17,384)
(Loss)/profit for the period		63,934	(3,298,719)	(427,858)	(3,103,756)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		7,231	(7,476)	(13,476)	(6,087)
Total comprehensive income for the period		71,165	(3,306,195)	(441,334)	(3,109,843)
(Loss)/profit for the period attributable to:					
Owners of the Company		63,934	(3,298,719)	(115,572)	(3,103,756)
Non-controlling interests		-	-	(312,286)	-
		63,934	(3,298,719)	(427,858)	(3,103,756)
Total comprehensive income for the period attributable to:					
Owners of the Company		71,165	(3,306,195)	(122,416)	(3,109,843)
Non-controlling interests		-	-	(318,918)	-
		71,165	(3,306,195)	(441,334)	(3,109,843)
		Singapore cents	Singapore cents	Singapore cents	Singapore cents
Loss per share attributable to owners of the Company					
- Basic	9	0.02	(0.83)	(0.03)	(0.78)
- Diluted	9	0.02	(0.83)	(0.03)	(0.78)

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY**

Attributable to owners of the Company

	Ordinary share capital S\$	Share premium S\$	Share-based compensa- tion reserve S\$	Exchange fluctuation reserve S\$	Accumulated losses S\$	Non- controlling interests S\$	Total S\$
At 31 May 2019 (audited)	20,756,598	(1,376,024)	1,385,381	71,375	(9,241,274)	328,613	11,924,669
Loss for the period	-	-	-	-	(115,572)	(312,286)	(427,858)
Other comprehensive income	-	-	-	(6,844)	-	(6,632)	(13,476)
Total comprehensive income	-	-	-	(6,844)	(115,572)	(318,918)	(441,334)
Recognition of share-based payment expenses	-	-	25,220	-	-	-	25,220
Disposal of partial interests in subsidiary	-	-	-	-	-	(68,443)	(68,443)
As at 29 February 2020 (unaudited)	20,756,598	(1,376,024)	1,410,601	64,531	(9,356,846)	(58,748)	11,440,112
At 31 May 2018 (audited)	20,756,598	(1,376,024)	1,294,891	71,284	(2,891,447)	-	17,855,302
Profit 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
As at 28 February 2019 (unaudited)	20,756,598	(1,376,024)	1,363,529	65,197	(5,995,203)	-	14,814,097

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Third Quarter 2020

1. GENERAL INFORMATION

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

The 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 29 February 2020 (the “**Third Quarterly Financial Statements**”) were approved for issue by the Board on 6 April 2020.

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 Interim 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 2019 (the “**2019 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 2019 Financial Statements.

(a) Business combination and basis of consolidation

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

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

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

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

(b) Subsidiaries

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

Revenue from rendering of services including maintenance

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

Revenue from sales of hardware

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

Subscription income

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

Rental income

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

Interest income

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

(e) Government grants

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

(f) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

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

(g) Share-based payments

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

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

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

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

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

(a) Business segments

	<u>Simplicity & myBill</u>		<u>Starlight</u>		<u>SpaceMonster</u>		<u>Total</u>	
	Nine months ended							
	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$
Revenue from external customers	9,951,184	5,804,757	2,702,208	1,541,013	161,296	91,863	12,814,688	7,437,633
Gross profit	3,982,854	915,979	547,309	229,360	144,904	78,103	4,675,067	1,223,442
Depreciation and amortisation	668,808	640,655	131,317	87,328	9,646	9,646	809,771	737,629
Write-down of inventories	-	-	-	889	-	-	-	889
Reportable segment profit/(loss)	3,201,514	160,926	(429,492)	(489,286)	144,904	77,698	2,916,926	(250,662)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (CONT'D)

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

	Three months ended		Nine months ended	
	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$
Profit/(loss) before income tax				
Reportable segment profit/(loss)	1,016,734	(2,300,291)	2,916,926	(250,662)
Other revenue	682	12,323	16,433	15,032
Other gains and (losses)	11,706	(43,808)	11,240	(12,973)
Finance costs	-	-	(1,629)	-
Unallocated expenses:				
- Staff costs	(515,548)	(590,584)	(1,918,987)	(1,535,912)
- Share-based payments	(8,337)	(22,571)	(25,220)	(68,638)
- Rental expenses	(196,232)	(174,922)	(610,317)	(539,324)
- Legal and professional fee	(87,073)	(64,751)	(330,188)	(258,905)
- Others	(130,031)	(110,120)	(467,000)	(434,990)
Consolidated (loss)/profit before income tax	91,901	(3,294,724)	(408,742)	(3,086,372)

(c) Disaggregation of revenue

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

	Simplicity and myBill		Starlight		SpaceMonster		Total	
	Nine months ended							
	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$	29 Feb 2020 (unaudited) S\$	28 Feb 2019 (unaudited) S\$
Timing of revenue recognition								
Transferred over time								
- Project revenue	6,074,010	4,216,830	2,394,680	1,252,955	-	-	8,468,690	5,469,785
- Maintenance services	2,580,720	1,431,873	153,858	224,426	5,216	6,023	2,739,794	1,662,322
- Subscription	1,287,834	136,854	-	-	156,080	85,840	1,443,914	222,694
Recognised at a point of time								
- Sale of equipment	8,620	19,200	109,945	27,192	-	-	118,565	46,392
Other sources								
- Lease of equipment	-	-	43,725	36,440	-	-	43,725	36,440
	9,951,184	5,804,757	2,702,208	1,541,013	161,296	91,863	12,814,688	7,437,633
Primary geographical market								
Singapore	9,557,414	5,189,635	2,602,321	1,426,759	161,296	91,863	12,321,031	6,708,257
Malaysia	44,728	9,990	69,548	113,993	-	-	114,276	123,983
PRC	195,021	550,350	-	-	-	-	195,021	550,350
Others	154,021	54,782	30,339	261	-	-	184,360	55,043
	9,951,184	5,804,757	2,702,208	1,541,013	161,296	91,863	12,814,688	7,437,633

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (CONT'D)

(d) Information about major customers

Revenue from the Group's major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Nine months ended	
	29 February 2020 (unaudited) S\$	28 February 2019 (unaudited) S\$
Customer A	1,826,694	N/A
Customer B	1,354,590	N/A
Customer C	1,328,658	N/A

4. OTHER REVENUE

	Three months ended		Nine months ended	
	29 Feb 2020 (Unaudited) S\$	28 Feb 2019 (Unaudited) S\$	29 Feb 2020 (Unaudited) S\$	28 Feb 2019 (Unaudited) S\$
Government grants	5,496	-	23,643	-
Interest income	682	560	1,951	2,088
Others	-	11,763	-	12,944
	6,178	12,323	25,594	15,032

5. OTHER GAINS AND (LOSSES)

	Three months ended		Nine months ended	
	29 Feb 2020 (Unaudited) S\$	28 Feb 2019 (Unaudited) S\$	29 Feb 2020 (Unaudited) S\$	28 Feb 2019 (Unaudited) S\$
Net exchange gains/(losses)	11,706	(43,808)	(684)	(12,973)
Write-down of inventories	-	3,277	-	(889)
Reversal of/(provision for) expected credit loss	-	-	11,924	
	11,706	(40,531)	11,240	(13,862)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	2,099,373	2,685,015	6,753,993	6,470,138
Contributions on defined contribution retirement plans	174,868	199,193	624,965	525,071
Share-based payments	8,337	22,571	25,220	68,638
	2,282,578	2,906,779	7,404,178	7,063,847
Less: amount capitalised as intangible assets	-	(126,098)	-	(414,752)
	2,282,578	2,780,681	7,404,178	6,649,095
Depreciation of property, plant and equipment	34,141	32,321	107,234	91,357
Amortisation of intangible assets	253,036	231,694	759,170	695,101
Write-down of inventories	-	(3,277)	-	889
Finance costs	-	-	1,629	-
Auditor's remuneration	-	80	18,410	9,635

7. INCOME TAX CREDIT/(EXPENSE)

	Three months ended		Nine months ended	
	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
Current tax	(27,969)	(3,995)	(19,118)	(17,384)
Deferred tax	-	-	-	-
	(27,969)	(3,995)	(19,118)	(17,384)

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 29 February 2020 and 28 February 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 29 February 2020 (28 February 2019: S\$Nil).

9. EARNINGS/(LOSS) PER SHARE

For the nine months ended 29 February 2020, the basic and diluted loss per share of the Company was S\$0.03 cents. The calculation is based on the loss attributable to the owners of the Company of S\$122,416 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 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.

10. SHARE CAPITAL

	Number of Shares	S\$
Issued and fully paid Ordinary Shares		
As at 31 May 2019 (audited)	399,158,496	20,756,598
As at 29 February 2020 (unaudited)	399,158,496	20,756,598

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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 29 February 2020 S\$		Nine months ended 28 February 2019 S\$
8,544,550	Total Simplicity Revenue	5,529,583
6,124,670	Simplicity Project revenue	4,166,894
2,411,260	Simplicity Maintenance Services	1,343,489
8,620	Simplicity Sale of Equipment	19,200

▲54.5% (28 February 2019: ▼7.5%)

TOTAL SIMPLICITY REVENUE

Simplicity has performed much better across all indicators as compared to the same period last year, with the major surge coming in Q3. This is due to a strong order book mainly from customers in Singapore and to a lesser degree from Vietnam. Recurring service revenue has also increased significantly as more projects are completed and converts to recurring services.

▲47.0% (28 February 2019: ▲0.1%)

SIMPLICITY PROJECT REVENUE

The Singapore market, especially the public sector market, will continue to remain a major source of revenue for the near future as the international and private sector market slow due to the economic effects of the COVID-19 pandemic.

▲79.5% (28 February 2019: ▼25.1%)

SIMPLICITY RECURRING SERVICE REVENUE

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

STARLIGHT

Nine months ended 29 February 2020 S\$		Nine months ended 28 February 2019 S\$
2,702,208	Total Starlight Revenue	1,541,013
2,394,680	Starlight Project Revenue	1,302,891
153,858	Starlight Maintenance Services	174,490
43,725	Starlight Leasing of Equipment	36,440
109,945	Starlight Sale of Equipment	27,192

▲75.4% (28 February 2019: ▼64.6%)

TOTAL STARLIGHT REVENUE

▲83.8% (28 February 2019: ▼68.0%)

STARLIGHT PROJECT REVENUE

▼11.8% (28 February 2019: ▼0.5%)

STARLIGHT MAINTENANCE SERVICES REVENUE

▲20.0% (28 February 2019: ▲17.8%)

STARLIGHT LEASING REVENUE

Total revenue from Starlight increased substantially by S\$1,161,195 or 75.4% mainly due to the commencement and completion of the new smart home energy monitoring project in Q3 for the Housing Development Board in Singapore. Project based revenue grew by 83.8%; maintenance services revenue decreased by 11.8%, but this is mitigated somewhat by an increase in equipment leasing revenue by 20.0%.

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

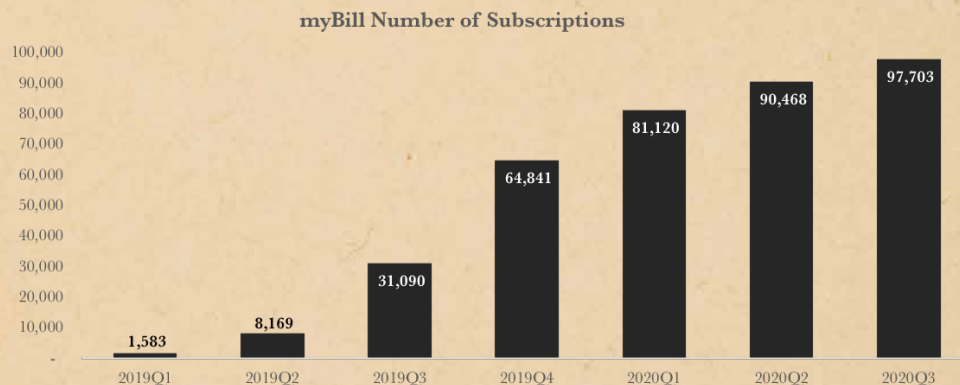
Business Review

myBill

Nine months ended 29 February 2020 S\$		Nine months ended 28 February 2019 S\$
1,406,634	Total myBill Revenue	275,174
1,287,834	myBill Subscription	136,854
118,800	myBill Project Revenue	138,320

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

Subscription to myBill platform has been increasing steadily since its launch in June 2018. From its initial launch to the Reporting Period, myBill has generated revenue of S\$1,406,634 (28 February 2019: S\$275,174).



MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

SpaceMonster

Nine months ended 29 February 2020 S\$		Nine months ended 28 February 2019 S\$
161,296	SpaceMonster Recurring Revenue	91,863

Demand in venue sharing services continued to increase and our **SpaceMonster**'s revenue had a healthy growth of 75.6% as compared to last year's third quarter. Gross profit of **SpaceMonster** remained healthy at 89.8%.

However, due to economic effects of the COVID-19 pandemic, it is expected that business for **SpaceMonster** will slow down for the extent of the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS



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.

Our earlier projections on the markets for our products have proven to be accurate as the Group recorded the strongest revenue and order book since founding. As Q3 closed, we secured our largest Simplicity contract ever - the Smart Estate Management System project from the Singapore Housing Development Board, on the back of an already impressive Simplicity order book. The rest of our business units – Starlight, myBill as well as **SpaceMonster** all recorded strong sales and strong growths.

Our optimism for the near future must however be tempered by the negative economic impact of COVID-19 pandemic, which is expected to reduce the technology investment appetite of private sector companies. However the jury is still out on the public sector, as governments such as the Singapore Government will traditionally increase spending when the economy faces a downturn. While the Group is sufficiently buffered for the next two years with a strong order book, with this in mind, the Directors are cautiously optimistic about the Group's long term growth.

MANAGEMENT DISCUSSION AND ANALYSIS



Financial Review

REVENUE

The Group's revenue for the Reporting Period increased by S\$5,377,055 or 72.3% from S\$7,437,633 in 28 February 2019 to S\$12,814,688 during the Reporting Period, and the increase is contributed by all business segments.

Revenue from Simplicity increased by S\$3,014,967 or 54.5%; revenue from Starlight increased by S\$1,161,195 or 75.4%; revenue from myBill increased by S\$1,131,460 or 411.2%; revenue from SpaceMonster increased by S\$69,433 or 75.6%. 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 S\$1,925,430 or 31.0% in order to support revenue growth (of 72.3%).

Simplicity's cost of sales increased by S\$505,988 or 11.4%; Starlight's cost of sales increased by 843,246 or 64.3%; myBill's cost of sales increased by S\$573,564 or 125.8%; SpaceMonster's cost of sales increased by S\$2,632 or 19.1%.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit increased by S\$3,451,625 or 282.1% during the Reporting Period. Gross profit margin increased to 36.5% from 16.4% for the same period last year; gross profit margins increased across all business segments.

Simplicity's gross profit increased by S\$2,508,979 or 228.8%; gross profit margin increased to 42.2% from 19.8% for the same period last year; this is due to increased revenue and lower costs.

Starlight's gross profit increased by S\$317,949 or 138.6%; gross profit margin increased to 20.3% from 14.9% for the same period last year; this is due to increased revenue and lower costs.

myBill is in the second year of operations and have turned profitable with a gross profit of S\$377,270 (compared to gross loss of S\$180,626 last year), corresponding to a gross profit margin of 26.8%.

SpaceMonster's gross profit increased by S\$66,801 or 85.5%; gross profit margin increased to 89.8% from 85.0%; this is due to increased revenue and lower costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

ADMINISTRATIVE EXPENSES

The increase of S\$486,400 was attributed to mainly to our PRC joint venture's operations. Administrative expenses of the Group's core operations in Singapore remained stable.

MARKETING AND OTHER OPERATING EXPENSES

Marketing and other operating expenses have decreased slightly by S\$75,793 or 5.7%.

RESEARCH AND DEVELOPMENT COSTS

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

NET LOSS BEFORE TAX

The Group's loss before tax was attributed to S\$543,116 of net loss before tax incurred by our PRC joint venture operations. The Group's core operations in Singapore had a net profit before tax of S\$134,374 during the Reporting Period.

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 29 February 2020, 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 ⁽⁴⁾
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,572,000	50,541,783	12.66%
	Beneficial interest	4,969,783 ⁽¹⁾		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	27,719,783 ⁽²⁾	6.94%
	Beneficial interest	4,969,783 ⁽¹⁾		

Notes:

- (1) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 29 February 2020, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Save as disclosed above, as at 29 February 2020, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

The above Directors were granted share options under the Pre-IPO Share Option Schemes of the Company to subscribe for the Shares, which are exercisable in four equal tranches at the end of the year commencing on the date of grant and shall expire (i) 10 years from the date on which the share options become exercisable; or (ii) three years from the date on which the Company becomes listed on a stock exchange, whichever is earlier. The following table sets out the details of the share options under the Pre-IPO Share Option Schemes granted to the Directors as at 29 February 2020:

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 ⁽²⁾
Mr. Lau ⁽¹⁾	Approximately S\$0.01	4,969,783 ⁽³⁾	10 March 2010	1.25%
Mr. Ong ⁽²⁾	Approximately S\$0.01	4,969,783 ⁽³⁾	10 March 2010	1.25%

Notes:

- (1) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 29 February 2020, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 29 February 2020, 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 ⁽⁸⁾
Ng Yen Yen ⁽¹⁾	Interest of spouse	45,572,000	4,969,783	12.66%
Lim Lay Hong ⁽²⁾	Interest of spouse	22,750,000	4,969,783	6.94%
BAF Spectrum Pte. Ltd. ⁽³⁾	Beneficial interest	28,698,162	-	7.19%
iGlobe Platinum Fund Limited ⁽⁴⁾	Beneficial interest	82,326,335	-	20.62%
Majuven Fund 1 Ltd. ⁽⁵⁾	Beneficial interest	36,528,219	-	9.15%
OWW Investments III Limited ⁽⁶⁾	Beneficial interest	20,873,307	-	5.23%
M1 TeliNet Pte. Ltd. ⁽⁷⁾	Beneficial interest	20,259,000	-	5.08%
M1 Limited ⁽⁷⁾	Interest in a controlled corporation	20,259,000	-	5.08%

Notes:

1. Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
2. Ms. Lim Lay Hong is the wife of Mr. Ong, the chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
3. BAF Spectrum Pte. Ltd. is beneficially owned by Prof Wong Poh Kam, a non-executive Director, Shah Sanjeev Kumar, Chow Yen Lu Yale, Tan Hong Huat, Hellmut Schutte, William Klippgen, Chua Seng Kiat and five other second-tier investors.
4. iGlobe Platinum Fund Limited is beneficially owned by Asia Core Properties Inc. Pte. Ltd., Lee Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard Haug, Harry Harmain Diah, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd., Kepventure Pte. Ltd., Khaitar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe Sarraut, Hu Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Koichiro.
5. Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.
6. OWW Investments III Limited is beneficially owned by Wang Zai'an, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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 29 February 2020 (i.e. 399,158,496 Shares).*

Save as disclosed above, as at 29 February 2020, 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 29 February 2020 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 29 February 2020 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 29 February 2020 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.

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 29 February 2020 (28 February 2019: 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 2020 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, 6 April 2020

ANACLE SYSTEMS LIMITED

Stock Code: 8353

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#08-02

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