Anacle

First Quarterly Report

1Q2021

Anacle Systems Limited
安科系統有限公司*
(Incorporated in the Republic of Singapore with limited liability)
Stock code: 8353

* for identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

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DEFINITIONS

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

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

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

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

COMPLIANCE OFFICER
Mr. Ong Swee Heng

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

AUTHORISED REPRESENTATIVES
Mr. Lau E Choon Alex
Mr. Ong Swee Heng

INDEPENDENT AUDITOR
BDO Limited

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

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE
3 Fusionopolis Way
#14-21 Symbiosis
Singapore 138633

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE
31/F., 148 Electric Road
North Point
Hong Kong

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

COMPANY WEBSITE
www.anacle.com

GEM STOCK CODE
8353

FINANCIAL HIGHLIGHTS

From First Quarter 2021

	Three months ended 31 August 2020 (unaudited) S$	31 August 2019 (unaudited) S$
Revenue	**3,763,059**	3,726,835
Gross profit	**1,393,894**	1,504,935
Profit/(loss) before tax	**484,105**	(368,621)

1.0%

INCREASE IN REVENUE

Public sector's investment in smart technology contributed to a 25.1% or S$632,633 increase in Simplicity's revenue. myBill's number of subscriptions were stabilising in the hundred thousand of subscriptions each month. One-off renewal rebate for myBill contributed to a temporary dip of 19.7% or S$80,833 in myBill's revenue. Starlight was facing installation constraints due to COVID-19 pandemic. As a result, revenue from Starlight dipped by 72.8% or S$539,366. Subscriptions for SpaceMonster continued to increase as more venues were coming on-board. SpaceMonster had 47.1% or S$23,790 increase in revenue.

7.4%

DECREASE IN GROSS PROFIT

Manpower related costs for Simplicity has increased to support the increase in revenue. Challenges in employee retention have driven up both staff remuneration and outsourcing costs. Simplicity contributed to a 63.9% increase in cost, most of which were manpower related. The decrease in myBill, Starlight and Spacemonster costs have partially offset the increase in Simplicity's cost.

S$ 852,726

INCREASE IN PROFIT BEFORE TAX

The turnaround to a profit before tax of S$484,105 from a loss before tax of S$368,621 was largely due to a reduction in the Group's operating expenses as a result of the deemed disposal of the PRC joint venture. The Group lost significant control of the PRC joint venture on 27 September 2019 and financial results would no longer be consolidated into the financial statements of the Group.

DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2020 (31 August 2019: S$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August 2020 (unaudited) S$	2019 (unaudited) S$
Revenue	3c	**3,763,059**	3,726,835
Cost of sales		**(2,369,165)**	(2,221,900)
Gross profit		**1,393,894**	1,504,935
Other revenue	4	**303,905**	13,197
Other gains and (losses)	5	**(9,496)**	(6,719)
Marketing and other operating expenses		**(255,915)**	(421,071)
Administrative expenses		**(723,440)**	(1,237,151)
Research and development costs		**(222,623)**	(220,279)
Finance costs	7	**(2,220)**	(1,533)
Profit/(loss) before income tax	6	**484,105**	(368,621)
Income tax expense	8	**-**	(3,337)
Profit/(loss) for the period		**484,105**	(371,958)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		**(3,282)**	(24,683)
Total comprehensive income for the period		**480,823**	(396,641)
Profit/(loss) for the period attributable to:			
Owners of the Company		**483,862**	(113,731)
Non-controlling interests		**243**	(258,227)
		484,105	(371,958)
Total comprehensive income for the period attributable to:			
Owners of the Company		**480,580**	(126,218)
Non-controlling interests		**243**	(270,423)
		480,823	(396,641)
		Singapore cents	Singapore cents
Earnings/(loss) per share attributable to owners of the Company			
- Basic	10	**0.12**	(0.03)
- Diluted	10	**0.12**	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Ordinary share capital	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non-controlling interests	Total
	S$	S$	S$	S$	S$	S$	S$
At 1 June 2020 (audited)	**20,756,598**	**(1,376,024)**	**688,754**	**51,157**	**(8,244,355)**	**(48,848)**	**11,827,282**
Profit for the period	-	-	-	-	483,862	243	484,105
Other comprehensive income	-	-	-	(3,282)	-	-	(3,282)
Total comprehensive income	-	-	-	(3,282)	483,862	243	480,823
Recognition of share-based payment expenses	-	-	-	-	-	-	-
As at 31 August 2020 (unaudited)	**20,756,598**	**(1,376,024)**	**688,754**	**47,875**	**(7,760,493)**	**(48,605)**	**12,308,105**
At 1 June 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	-	-	-	-	(113,731)	(258,227)	(371,958)
Other comprehensive income	-	-	-	(12,487)	-	(12,196)	(24,683)
Total comprehensive income	-	-	-	(12,487)	(113,731)	(270,423)	(396,641)
Recognition of share-based payment expenses	-	-	8,547	-	-	-	8,547
As at 31 August 2019 (unaudited)	**20,756,598**	**(1,376,024)**	**1,393,928**	**58,888**	**(9,355,005)**	**58,190**	**11,536,575**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First Quarter 2021

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 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633.

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 2020 (the "**2021 First Quarterly Financial Statements**") were approved for issue by the Board on 7 October 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 First Quarterly Financial Statements have been prepared under the historical cost basis.

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

The First Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2020 (the "**2020 Financial Statements**").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The 2021 First Quarterly Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the "IFRSs") and the disclosure requirements of the Companies Ordinance. The accounting policies and methods of computation used in the preparation of the First Quarterly Financial Statements are consistent with those used in the preparation of the 2020 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 (CONTINUED)

(c) Leases (accounting policies applied from 1 June 2019)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 June 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The rightof-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (accounting policies applied from 1 June 2019) (Continued)

(i) As a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (accounting policies applied from 1 June 2019) (Continued)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see note 4(g)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other revenue”.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(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.

<u>Contract revenue from projects of provision of enterprise application software solutions and energy management solutions</u>

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 "contact assets" or "contract liabilities" respectively.

<u>Revenue from rending of services including maintenance</u>

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. No significant financial component existed. IFRS 15 did not result in significant impact on the Group's accounting policies.

<u>Revenue from sales of hardware</u>

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

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.

(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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits (Continued)

(ii) Defined contribution retirement plan

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

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

(g) Share-based payments

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

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

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

- **Simplicity and myBill** – a package of enterprise application software solutions that provides specific solutions for municipal services management, commercial real estate management, corporate real estate management, as well as industrial asset management;

- **Starlight** – a one-stop cloud-based energy management solutions that provide real-time access to the energy profiles of buildings, including information such as energy consumption, power quality, demand analytics and carbon footprint profiles; and

- **SpaceMonster** – an online venue booking platform.

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

(a) Business segments

	Simplicity & myBill		Starlight		SpaceMonster		Total	
	Three months ended 31 August							
	2020 (unaudited) S$	2019 (unaudited) S$	2020 (unaudited) S$	2019 (unaudited) S$	2020 (unaudited) S$	2019 (unaudited) S$	2020 (unaudited) S$	2019 (unaudited) S$
Revenue from external customers	**3,487,040**	2,935,240	**201,719**	741,085	**74,300**	50,510	**3,763,059**	3,726,835
Gross profit/(loss)	**1,266,439**	1,432,304	**54,638**	27,222	**72,817.00**	45,409	**1,393,894**	1,504,935
Depreciation and amortisation	**227,532**	222,936	**4,027**	85,816	**-**	3,215	**231,559**	311,967
Write-down of inventories	**-**	-	**488**	-	**-**	-	**488**	-
Reportable segment profit/(loss)	**1,074,585**	1,186,863	**(188,260)**	(317,240)	**72,817**	45,409	**959,142**	915,032

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (CONTINUED)

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

	Three months ended 31 August	
	2020	2019
	(Unaudited)	(Unaudited)
	S$	S$
Profit/(loss) before income tax		
Reportable segment profit/(loss)	959,142	915,032
Other revenue	303,550	13,197
Other gains and (losses)	(9,135)	(6,719)
Finance costs	(2,220)	(1,533)
Unallocated expenses:		
- Staff costs	(435,140)	(781,900)
- Share-based payments	-	(8,547)
- Rental rebates/(expense)	10,145	(216,647)
- Legal and professional fee	(54,604)	(127,675)
- Depreciation of right-of-use assets	(131,851)	-
- Reinstatement cost	(43,000)	-
- Others	(112,782)	(153,829)
Consolidated profit/(loss) before income tax	484,105	(368,621)

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	
	Three months ended 31 August							
	2020	2019	2020	2019	2020	2019	2020	2019
	S$	S$	S$	S$	S$	S$	S$	S$
Timing of revenue recognition								
Transferred over time								
- Project revenue	2,121,053	1,540,580	112,107	656,334	-	-	2,233,160	2,196,914
- Maintenance services	1,035,828	1,005,108	70,765	59,326	10	900	1,106,603	1,065,334
- Subscription	330,159	383,992	-	-	74,290	49,610	404,449	433,602
Recognised at a point of time								
- Sale of equipment	-	5,560	4,267	11,445	-	-	4,267	17,005
Other sources								
- Lease of equipment	-	-	14,580	13,980	-	-	14,580	13,980
	3,487,040	2,935,240	201,719	741,085	74,300	50,510	3,763,059	3,726,835
Primary geographical markets								
Singapore	3,316,020	2,653,784	201,719	728,282	74,300	50,510	3,592,039	3,432,576
Malaysia	3,425	11,459	-	8,245	-	-	3,425	19,704
PRC	74,104	181,995	-	-	-	-	74,104	181,995
Others	93,491	88,002	-	4,558	-	-	93,491	92,560
	3,487,040	2,935,240	201,719	741,085	74,300	50,510	3,763,059	3,726,835

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER REVENUE

	Three months ended 31 August	
	2020 (Unaudited) S$	2019 (Unaudited) S$
Government grants	301,378	12,571
Interest income	2,172	626
Others	355	-
	303,905	13,197

5. OTHER GAINS AND (LOSSES)

	Three months ended 31 August	
	2020 (Unaudited) S$	2019 (Unaudited) S$
Net exchange loss	(9,008)	(6,719)
Write-off of inventories	(488)	-
	(9,496)	(6,719)

6. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 31 August	
	2020 (Unaudited) S$	2019 (Unaudited) S$
Staff costs (including directors' emoluments)		
Salaries and allowances	2,149,121	2,499,480
Contributions on defined contribution retirement plans	186,518	228,620
Share-based payments	-	8,547
	2,335,639	2,736,647
Less: amount capitalised as intangible assets	-	-
	2,335,639	2,736,647
Depreciation of property, plant and equipment	15,888	37,888
Amortisation of intangible assets	225,849	294,805
Write-down of inventories	488	-
Depreciation of right-of-use assets	131,851	-
Reinstatement cost	43,000	-
Finance costs	2,220	1,533

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	Three months ended 31 August	
	2020 (Unaudited) S$	2019 (Unaudited) S$
Interest on bank borrowing	-	1,533
Interest on lease liabilities	2,220	-
	2,220	1,533

8. INCOME TAX EXPENSE

	Three months ended 31 August	
	2020 (Unaudited) S$	2019 (Unaudited) S$
Current tax	-	3,337
Deferred tax	-	-
	-	3,337

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 2020 and 31 August 2019.

9. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2020 (31 August 2019: S$Nil).

10. EARNINGS/(LOSS) PER SHARE

For the three months ended 31 August 2020, the basic and diluted earnings per share of the Company was 0.12 Singapore cents. The calculation is based on the profit attributable to the owners of the Company of S$483,862 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 2019, the basic and diluted loss per share of the Company was 0.03 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S$113,731 and 399,158,496 Ordinary Shares in issue. Basic and diluted loss per share are the same because the share options had no anti-dilutive effect on the basic loss per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. SHARE CAPITAL

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

Three months ended 31 August 2020 S$		Three months ended 31 August 2019 S$
3,156,881	**Total Simplicity Revenue**	**2,524,248**
2,121,053	Simplicity Project Revenue	1,513,580
1,035,828	Simplicity Maintenance Services	1,005,108
-	Simplicity Sale of Equipment	5,560

▲25.1% (31 August 2019: ▼ 8.4%)

TOTAL SIMPLICITY REVENUE

▲40.1% (31 August 2019: ▼23.4%)

SIMPLICITY PROJECT REVENUE

▲3.1% (31 August 2019: ▲32.3%)

SIMPLICITY MAINTENANCE SERVICES

The increase in Singapore's public sector smart technology projects contributed much to the increase in Simplicity's revenue.

As compared to the same quarter last financial year, the Group has increased its customer base and Simplicity's order book was healthier this year. The Singapore market remained the major source of revenue for Simplicity. Our recurring maintenance service customers base in Singapore has increased which brought about a 36.9% increase in revenue. Overall, the increase in both maintenance services revenue and project revenue resulted in an overall increase of 25.1% in Simplicity's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

STARLIGHT

Three months ended 31 August 2020 S$		Three months ended 31 August 2019 S$
201,719	**Total Starlight Revenue**	**741,085**
112,107	Starlight Project Revenue	656,334
70,765	Starlight Maintenance Services	59,326
14,580	Starlight Leasing of Equipment	13,980
4,267	Starlight Sale of Equipment	11,445

▼72.8% (31 August 2019: ▼ 70%)

TOTAL STARLIGHT REVENUE

▼82.9% (31 August 2019: ▼ 5.9%)

STARLIGHT PROJECT REVENUE

▲19.3% (31 August 2019: ▼ 13.3%)

STARLIGHT RECURRING SERVICE REVENUE

▲4.3% (31 August 2019: ▲ 5.8%)

STARLIGHT RENTAL REVENUE

Starlight project revenue was heavily affected by site installation constraints due to the COVID-19 pandemic.

Recurring service and leasing revenue have increased as the existing customer base remained stable.

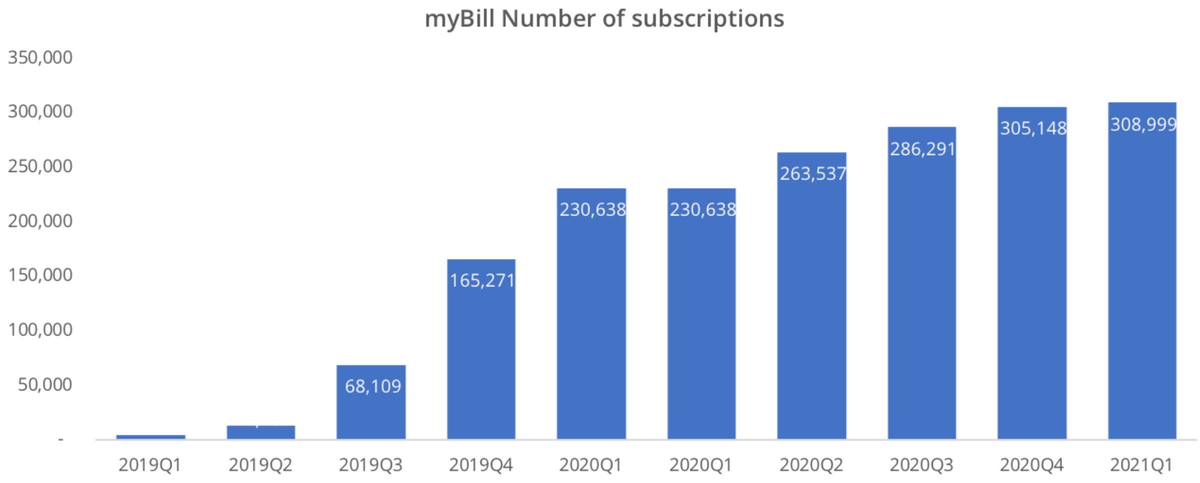
MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

myBill

Three months ended 31 August 2020 S$		Three months ended 31 August 2019 S$
330,159	**Total myBill Revenue**	**410,992**
330,159	myBill Subscription	383,992
-	myBill Project Revenue	27,000

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 Electricty Market, energy retailers will not know in advanced how many customers they can sign up. The myBill platform is targeted at energy retailers that cannot afford multi-million dollar billing software by allowing them a pay-per-use scheme for electricity billing.

Subscription to myBill platform has been increasing steadily since its launch in June 2018. We expect that the number of subscriptions will continue to increase in the coming quarters. A one-off contract renewal rebate for myBill contributed to a temporary dip of 19.7% or S$80,833 in myBill's revenue.



MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

SpaceMonster

Three months ended 31 August 2020 S$		Three months ended 31 August 2019 S$
74,300	SpaceMonster Revenue	50,510

Demand in venue sharing services continued to increase and our SpaceMonster's revenue had a healthy growth of 47.1% in revenue as compared to last year's first quarter. Gross profit of SpaceMonster remained healthy at 98.0%.

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.

With the focus on digitalization for many enterprises and public sector agencies due to the COVID-19 pandemic, the Singapore and Southeast Asian markets for enterprise application software remain robust and are expected to grow throughout 2021. Thus we expect Simplicity, myBill and SpaceMonster to continue to perform well.

However, the situation with Starlight is much more complex. We continue to witness relentless push for wide scale Smart City IoT projects throughout Southeast Asia, however until the COVID-19 pandemic situation improves, constraints on site installations will continue, limiting short term revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

Revenue for the Group for the Reporting Period increased by S$36,224 or 1.0% from S$3,726,835 during the three months ended 31 August 2019 to S$3,763,059 during the Reporting Period. Revenue from Simplicity increased by 25.1% or by S$632,633 due to an increased digitalisation project revenue from the Singapore public sector. The increase in Simplicity's revenue was partially offset by a decrease of S$539,366 or 72.8% in Starlight's revenue and a decrease of S$80,833 or 72.8% in myBill's revenue. Starlight was facing project installation challenges due to restrictive measures imposed by building management due to COVID-19. myBill's decrease in revenue was due to a one-time renewal rebate offered to myBill's major customer. Steady increase in venue-sharing service resulted in an increase of 47.1% or S$23,790 in SpaceMonster's revenue. 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 6.6%. Simplicity's cost of sales increased by 63.9% or S$755,473. 86.7% of the increase was due to an increase in manpower related costs to support Simplicity's increased revenue and projects. We have outsourced some work overseas to overcome the local challenges in employee retention and manpower quota limitation. The increase in Simplicity's cost of sales was partially offset by the decrease in our other three segments, myBill, Starlight and SpaceMonster. During the Reporting Period, we developed a new value added service for myBill which eliminated a significant third-party cost. Our investment the development cost would in the long run reduced the third-party cost and would increase myBill's future gross profit. Starlight cost of sales decreased by 79.4% in line with the decrease in the revenue. The decrease in SpaceMonster cost of sales was due to the amortisation expense. SpaceMonster's intangible asset has been fully amortised as at 31 May 2020.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit decreased by S$111,041 or 7.4% during the Reporting Period. Simplicity's gross profit was 38.6% as compared to 53.1% last year. The decrease in gross profit was due to an increase in manpower related costs. myBill, our utilities revenue assurance platform is currently in its third year of operations and we are pleased to report that the number of subscriptions continued to increase. A one-off renewal rebates have partially offset the recurring subscription revenue, resulting in a temporary decrease of gross profit to 14.5% from 22.1% last year. Our new value added service for myBill would further increase myBill's future gross profit. SpaceMonster has improved its profitability at 98.0% this quarter as compared to 89.9% in the last year's first quarter.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

ADMINISTRATIVE EXPENSES

The decrease of S$513,711 was due to the deemed disposal of our PRC joint venture. The administrative expenses of the PRC joint venture was no longer consolidated to the Group's. The administrative expenses of the Group's core operations in Singapore remained stable.

MARKETING AND OTHER OPERATING EXPENSES

Sales, marketing and distribution expenses have have decreased due to the deemed disposal of the PRC joint venture. In addition, COVID-19 restrictions in overseas travel and social gathering have contributed to much lesser spending on trade fair participation and overseas business travels.

RESEARCH AND DEVELOPMENT COSTS

We continued to invest in improvements and enhancements to the existing products to better serve 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 2021, our Simplicity intangible asset will reached its remaining useful life. The technological advancement in architecture and customers' demand compel us to improve our software framework to keep up and move ahead of our competitors. During the Reporting Period, we developed an additional value-added service for myBill which would eliminate a third-party cost and would increase myBill's future gross profit.

NET PROFIT BEFORE TAX

We had a net profit before tax of S$484,105 as compared to a net loss before tax of S$368,621 last year.

We ceased to consolidate the PRC joint venture after the loss of control in September 2020 and therefore any losses attributed to the joint venture did not affect our core operations in Singapore.

CORPORATE GOVERNANCE AND OTHER INCOFMATION

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 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[1]
Mr. Lau E Choon Alex ("**Mr. Lau**")	Beneficial interest	45,572,000	45,572,000	11.42%
Mr. Ong Swee Heng ("**Mr. Ong**")	Beneficial interest	22,750,000	22,750,000	5.70%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 31 August 2020, 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 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 August 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	-	11.42%
Lim Lay Hong [2]	Interest of spouse	22,750,000	-	5.70%
BAF Spectrum Pte. Ltd.[3]	Beneficial interest	39,565,162	-	9.91%
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., Khattar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe Sarraut, Hu Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Koichiro.

(5) Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.

(6) OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhuo, 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 2020 (i.e. 399,158,496 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Save as disclosed above, as at 31 August 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 31 August 2020 and the date of this report, the remaining 9,095,632 options were granted to 6 grantees under the terms of the Pre-IPO Share Option Schemes. These grantees comprised two members of senior management of the Group and four current/former employees of the Group.

All the above Pre-IPO share options have not been exercised as at 31 August 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 31 August 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 three months ended 31 August 2020 (31 August 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 2021 First Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

Mr. Robert Chew retired from the Board as a non-executive Director and ceased to act as a member of the audit committee on 30 September 2020. Following the retirement of Mr. Chew, the Audit Committee has failed to comprise a minimum of three members as required under Rule 5.28 of the GEM Listing Rules.

The Company will use its best endeavors to fill the present casual vacancy of the Audit Committee within three months from 30 September 2020 in order to meet the above composition requirement under the GEM Listing Rules.

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

Singapore, 7 October 2020

First Quarterly Report
For the Financial Period Ended
31 August 2020

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