

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Anacle Systems Limited
安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 8353)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 AUGUST 2021

The board of directors (the “**Directors**”) of Anacle Systems Limited (the “**Company**”) is pleased to announce the unaudited first quarterly financial results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 August 2021. This announcement, containing the full text of the 2022 first quarterly results announcement of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM in relation to information to accompany the preliminary announcement of first quarterly results. The printed version of the Company’s 2022 first quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.anacle.com on or before 15 October 2021.

By order of the Board
Anacle Systems Limited
Lau E Choon Alex
Executive Director and Chief Executive Officer

Singapore, 15 October 2021

As at the date of this announcement, the Board comprises Mr. Lau E Choon Alex (Chief Executive Officer), and Mr. Ong Swee Heng (Chief Operating Officer) as executive Directors; Mr. Lee Suan Hiang (Chairman), Prof. Wong Poh Kam, and Dr. Chong Yoke Sin as non-executive Directors; and Mr. Alwi Bin Abdul Hafiz, Mr. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey as independent non-executive Directors.

This announcement, for which the directors of Anacle Systems Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Information” page of GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.anacle.com.

** 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this results announcement.

This results announcement, 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 results announcement 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 results announcement misleading.

Table of Contents

DEFINITIONS	4
CORPORATE INFORMATION	6
FINANCIAL HIGHLIGHTS	7
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
BUSINESS REVIEW	23
FUTURE PROSPECT AND OUTLOOK	27
FINANCIAL REVIEW	28
CORPORATE GOVERNANCE AND OTHER INFORMATION	30

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 2021

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 results announcement, 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
Dr. Chong Yoke Sin

Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz
Mr. Mok Wai Seng
Mr. Chua Leong Chuan, Jeffrey

BOARD COMMITTEES

Audit Committee

Mr. Mok Wai Seng (*Chairman*)
Dr. Chong Yoke Sin
Mr. Chua Leong Chuan, Jeffrey

Remuneration Committee

Mr. Alwi Bin Abdul Hafiz (*Chairman*)
Prof. Wong Poh Kam
Mr. Mok Wai Seng

Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)
Mr. Alwi Bin Abdul Hafiz
Mr. Chua Leong Chuan, Jeffrey

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Ms. Yue Sau Lan, ACG, ACS
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

First Quarter 2022

	Three months ended	
	31 August 2021 (unaudited) S\$	31 August 2020 (unaudited) S\$
Revenue	4,547,604	3,763,059
Gross profit	2,089,942	1,393,894
Profit before tax	548,883	484,105

20.8% INCREASE IN REVENUE

The public sector's investment in smart technology contributed to a 23.4% or S\$738,325 increase in the revenue of our Simplicity business segment. The number of subscriptions for the myBill segment stabilised in the hundred thousand range of subscriptions each month and myBill's revenue had an increase of 19.3% or S\$63,734. Starlight was facing a slowdown in demand due to the COVID-19 pandemic and the introduction of the Fair Tenancy Code of Conduct by the Singapore government in June 2021 which prevented landlords from making profits from sub-selling of electricity. As a result, revenue from Starlight dipped further by 19.8%, or S\$39,950. Subscriptions for SpaceMonster continued to increase as more venues were coming on board resulting in a 30.2% or S\$22,436 increase in SpaceMonster's revenue.

49.9% INCREASE IN GROSS PROFIT

Manpower-related costs for Simplicity have increased to support the increase in revenue. Challenges in employee retention have driven up both staff remuneration and outsourcing costs. Simplicity contributed to a 12.1% 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.

13.4% INCREASE IN PROFIT BEFORE TAX

The increase in profit before tax was largely due to an increase in revenue.

DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2021 (31 August 2020: S\$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August	
		2021 (unaudited) S\$	2020 (unaudited) S\$
Revenue	3c	4,547,604	3,763,059
Cost of sales		(2,457,662)	(2,369,165)
Gross profit		2,089,942	1,393,894
Other revenue	4	33,508	303,905
Other gains and (losses)	5	8,238	(9,496)
Marketing and other operating expenses		(354,151)	(255,915)
Administrative expenses		(959,822)	(723,440)
Research and development costs		(251,805)	(222,623)
Finance costs	7	(17,027)	(2,220)
Profit before income tax	6	548,883	484,105
Income tax expense		-	-
Profit for the period		548,883	484,105
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		(1,412)	(3,282)
Total comprehensive income for the period		547,471	645,601
Profit for the period attributable to:			
Owners of the Company		549,003	483,862
Non-controlling interests		(120)	243
		548,883	484,105
Total comprehensive income for the period attributable to:			
Owners of the Company		547,591	480,580
Non-controlling interests		(120)	243
		547,471	480,823
Earnings per share attributable to owners of the Company		Singapore cents	Singapore cents
- Basic	10	0.14	0.12
- Diluted	10	0.13	0.12

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total
	Ordinary share capital	Share capital pending allotment	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non-controlling interests	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
At 1 June 2021 (audited)	20,645,177	229,500	(1,376,024)	322,930	50,767	(5,743,642)	(50,664)	14,078,044
Profit for the period	-	-	-	-	-	549,003	(120)	548,883
Other comprehensive income	-	-	-	-	(1,412)	-	-	(1,412)
Total comprehensive income	-	-	-	-	(1,412)	549,003	(120)	547,471
Issuance of ordinary shares	229,500	(229,500)	-	-	-	-	-	-
As at 31 August 2021 (unaudited)	20,874,677	-	(1,376,024)	322,930	49,355	(5,194,639)	(50,784)	14,625,515
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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First Quarter 2022

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 2021 (the “**2022 First Quarterly Financial Statements**”) were approved for issue by the Board on 15 October 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2022 First Quarterly Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of the GEM Listing Rules. The 2022 First Quarterly Financial Statements have been prepared under the historical cost basis.

The 2022 First Quarterly Financial Statements are presented in Singapore Dollar (“S\$”), which is the same as the functional currency of the Company.

The 2022 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 2021 (the “**2021 Financial Statements**”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The 2022 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 2022 First Quarterly Financial Statements are consistent with those used in the preparation of the 2021 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 interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the 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 on the same basis 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

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right of use asset

The right-of-use asset is initially recognised at cost and would comprise:

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

- (i) fixed lease payments less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- (iii) amounts expected to be payable by the lessee under residual value guarantees;
- (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for Covid-19-Related Rent Concessions applies (see note 2(a)), if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (Continued)

The Group as a lessor

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

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.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.

(d) Revenue recognition

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 IFRS 15.

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

The Group generates 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 and are usually payable within 90 days.

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.

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 (CONTINUED)

(d) Revenue recognition (Continued)

Revenue from rendering of services including maintenance

Revenues are recognised over time as the benefits are received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognises 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.

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 are received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognises 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(e) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

(f) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currencies (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange fluctuation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange fluctuation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange fluctuation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(g) 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 mandatory contributions to the Central Provident Fund in Singapore, a defined contribution scheme with individualised accounts fully-funded by both workers and employers.

(h) 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 other 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 government 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

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 decisions.

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 which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management, customer relationship management and billing management;
- Starlight - a one-stop cloud-based energy management solutions which provides all-time access to the energy profiles of buildings, including information such as energy consumption, power quality, energy analytics and carbon footprint profiles; and
- SpaceMonster - an online venue booking platform.

Inter-segment transactions, if any, are priced with 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							
	2021 (unaudited) S\$	2020 (unaudited) S\$	2021 (unaudited) S\$	2020 (unaudited) S\$	2021 (unaudited) S\$	2020 (unaudited) S\$	2021 (unaudited) S\$	2020 (unaudited) S\$
Revenue from external customers	4,289,099	3,487,040	161,769	201,719	96,736	74,300	4,547,604	3,763,059
Gross profit	1,952,073	1,266,439	41,682	54,638	96,187	72,817	2,089,942	1,393,894
Depreciation and amortisation	110,638	227,532	4,654	4,027	-	-	115,292	231,559
Reversal of provision for obsolete inventories	-	-	(4,907)	-	-	-	(4,907)	-
Write-down of inventories	-	-	-	488	-	-	-	488
Reportable segment profit/(loss)	1,673,360	1,074,585	(214,070)	(188,260)	91,587	72,817	1,550,877	959,142

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of reportable segment profit or loss

	Three months ended 31 August	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Reportable segment profit	1,550,877	959,142
Other revenue	33,333	303,550
Other gains and (losses)	3,331	(9,135)
Finance costs	(17,027)	(2,220)
Unallocated expenses:		
- Staff costs	(486,386)	(435,140)
- Rental (expense)/rebates	(1,231)	10,145
- Legal and professional fee	(48,586)	(52,838)
- Depreciation	(34,057)	(10,178)
- Depreciation of right-of-use assets	(208,604)	(131,851)
- Reinstatement cost	-	(43,000)
- Others	(242,767)	(104,370)
Consolidated profit before income tax	548,883	484,105

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							
	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
Timing of revenue recognition								
Transferred over time								
- Project revenue	2,843,300	2,121,053	83,448	112,107	-	-	2,926,748	2,233,160
- Maintenance services	975,256	1,035,828	27,604	70,765	126	10	1,002,986	1,106,603
- Subscription	393,893	330,159	-	-	96,610	74,290	490,503	404,449
Recognised at a point of time								
- Sale of equipment	76,650	-	35,762	4,267	-	-	112,412	4,267
Other sources								
- Lease of equipment	-	-	14,955	14,580	-	-	14,955	14,580
	4,289,099	3,487,040	161,769	201,719	96,736	74,300	4,547,604	3,763,059
Primary geographical market								
Singapore	2,905,386	3,316,020	158,729	201,719	96,736	74,300	3,160,851	3,592,039
Malaysia	3,381	3,425	-	-	-	-	3,381	3,425
PRC	85,199	74,104	-	-	-	-	85,199	74,104
Others	1,295,133	93,491	3,040	-	-	-	1,298,173	93,491
	4,289,099	3,487,040	161,769	201,719	96,736	74,300	4,547,604	3,763,059

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER REVENUE

	Three months ended 31 August	
	2021	2020
	(Unaudited) S\$	(Unaudited) S\$
Government grants	32,932	301,378
Interest income	12	2,172
Others	564	355
	33,508	303,905

5. OTHER GAINS AND (LOSSES)

	Three months ended 31 August	
	2021	2020
	(Unaudited) S\$	(Unaudited) S\$
Net exchange gains/(losses)	3,331	(9,008)
Reversal of provision for obsolete inventories	4,907	-
Write-off of inventories	-	(488)
	8,238	(9,496)

6. PROFIT BEFORE INCOME TAX

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

	Three months ended 31 August	
	2021	2020
	(Unaudited) S\$	(Unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	2,398,713	2,149,121
Contributions on defined contribution retirement plans	215,448	186,518
Share-based payments	-	-
	2,614,161	2,335,639
Depreciation of property, plant and equipment	45,921	15,888
Depreciation of right-of-use assets	208,604	131,851
Amortisation of intangible assets	103,428	225,849
Reversal of provision for obsolete inventories	(4,907)	-
Write-down of inventories	-	488
Reinstatement cost	-	43,000
Finance costs	17,027	2,220

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	Three months ended 31 August	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Interest on lease liabilities	17,027	2,220
Interest on bank borrowings	-	-
	17,027	1,533

8. INCOME TAX EXPENSE

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%, 17% and 29% respectively for the three months ended 31 August 2021.

9. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2021 (31 August 2020: S\$Nil).

10. EARNINGS PER SHARE

For the three months ended 31 August 2021, the basic earnings per share of the Company was 0.14 Singapore cents. The calculation is based on the profit attributable to the owners of the Company of S\$549,003 and 402,900,738 Ordinary Shares in issue. The diluted earnings per share of the Company was 0.13 Singapore cents. The calculation is based on the profit attributable to the owners of the Company of S\$549,003 and 406,976,128 weighted average number of Ordinary Shares in issue.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. SHARE CAPITAL

	Number of Shares	Share Capital S\$
Issued and fully paid:		
At 31 May 2021 (audited)	397,880,496	20,645,177
Issuance of ordinary shares	5,020,242	229,500
As at 31 August 2021 (unaudited)	402,900,738	20,874,677

On 26 May 2021, the employees of the Company exercised 1,854,852 share options under the share option plan adopted on 10 March 2010 (the “2010 Plan”) and 3,165,390 share options under the share option plan adopted on 18 December 2013 (the “2013 Plan”). On 4 June 2021, the Company issued 5,020,242 new ordinary shares to its employees.

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, Thailand, 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.

We have four revenue generating business segments, Simplicity, myBill, Starlight, and SpaceMonster.

Simplicity is a suite of business software applications specialized for operations of the built environment. Simplicity is cloud and mobile apps-enabled, and designed to be extremely easy to use and simple to implement. In particular, Simplicity is specially designed to meet the advanced and complex requirements of large enterprises in Asia. Simplicity software is now primarily offered on a SaaS model; we also offer professional services to assist clients in the implementation and ongoing support of their Simplicity software. Simplicity project revenue comprises of on-premise system design and implementation services and on-going systems enhancement. Recurring revenue comprises of subscription fees from our SaaS model, and systems technical support. Accounting for the majority of segment revenue, system design and implementation fees typically come from new customers. On-going system enhancements and recurring revenue are driven by both existing and newly acquired customers.

myBill is a revenue assurance platform for energy retailers and other utility companies to manage their utility contracts with their customers and automatically generate bills, collect payment and compute arrears. myBill's unique business model charges a monthly fee per customer account onboarded to the platform, greatly aligning our interests with those of the energy retailers. myBill is designed primarily for energy retailers participating in the Open Electricity Market in Singapore; the platform can also support other types of utilities such as water and gas. Recurring subscription revenue represents the monthly fee charged per customer account managed on the platform.

The Starlight business segment is anchored by the Starlight Smart Utilities Management Solution ("UMS"), a cloud-based smart energy and water management IoT platform. The Starlight UMS provides end-to-end revenue and non-revenue energy and water management using advanced IoT sensors, wireless communications and sophisticated data analytics. Starlight project revenue consists of Starlight hardware (including the state of the art Tesseract Ultra-smart Electricity Meter) and software sales, as well as services including onsite installation of hardware and implementation of Starlight UMS software. Recurring revenue includes maintenance and technical support services for installed sites, while rental revenue represents to fees for renting of Starlight hardware.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

SIMPLICITY

Three months ended 31 August 2021 S\$		Three months ended 31 August 2020 S\$
3,895,206	Total Simplicity Revenue	3,156,881
2,843,300	Simplicity Project Revenue	2,121,053
975,256	Simplicity Maintenance Services	1,035,828
76,650	Simplicity Sale of Equipment	-

▲23.4% (31 August 2020: ▲25.1%)
TOTAL SIMPLICITY REVENUE

Our Simplicity business segment achieved a revenue increase of 23.4% from S\$3,156,881 for the three months ended 31 August 2020 to S\$3,895,206 for the three months ended 31 August 2021.

▲34.1% (31 August 2020: ▲40.1%)
SIMPLICITY PROJECT REVENUE

Simplicity's revenue increase was mainly contributed by a 34.1% increase in project revenue from S\$2,121,053 to S\$2,843,300. The increase in project revenue was driven by both deliveries of the Smart Estate Management System project for the Singapore Housing Development Authority and a new commercial real estate management system project for the CP Group in Thailand.

▼5.8% (31 August 2020: ▲3.1%)
SIMPLICITY MAINTENANCE SERVICES

Due to a temporary timing difference, there is a slight decrease of 5.8% in maintenance revenue from S\$1,035,828 to S\$975,256.

Revenue from equipment sales represents hardware sales for our corporate real estate project with the Singapore government; they are newly separately classified because of IFRS financial reporting requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

STARLIGHT

Three months ended 31 August 2021 S\$		Three months ended 31 August 2020 S\$
161,769	Total Starlight Revenue	201,719
83,448	Starlight Project Revenue	112,107
27,604	Starlight Maintenance Services	70,765
14,955	Starlight Leasing of Equipment	14,580
35,762	Starlight Sale of Equipment	4,267

▼19.8% (31 August 2020: ▼72.8%)
TOTAL STARLIGHT REVENUE

Our Starlight business segment suffered a further revenue decrease of 19.8% from S\$201,719 for the three months ended 31 August 2020 to S\$161,769 for the three months ended 31 August 2021.

▼25.6% (31 August 2020: ▼82.9%)
STARLIGHT PROJECT REVENUE

Project and recurring service revenue decrease were mainly driven by both a slowdown in demand from new construction projects due to the COVID-19 pandemic and a slowdown in demand from existing buildings due to the introduction of the Fair Tenancy Code of Conduct by the Singapore government on 1 June 2021, which forbids commercial landlords from profiting from sub-selling of electricity to their tenants. Metering for sub-selling of electricity was a major source of revenue for the Starlight Business Unit.

▼61.0% (31 August 2020: ▲19.3%)
STARLIGHT RECURRING SERVICE REVENUE

▲2.6% (31 August 2020: ▲4.3%)
STARLIGHT RENTAL REVENUE

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

myBill

Three months ended 31 August 2021 S\$		Three months ended 31 August 2020 S\$
393,893	Total myBill Revenue	330,159
393,893	myBill Subscription	330,159
-	myBill Project Revenue	-

myBill is a pay-per-use utilities revenue assurance platform for the liberalized electricity market in Singapore. In the newly liberalized and fully competitive electricity market, also known as the Open Electricity Market, energy retailers will not know in advance how many customers they can sign up for. 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.

Subscriptions to the myBill platform have been increasing steadily since its launch in June 2018. In the three months ended 31 August 2021, there were a total of 307,358 chargeable customer accounts managed on myBill's platform which resulted in a revenue increase from S\$330,159 for the three months ended 31 August 2020 to S\$393,893 for the three months ended 31 August 2021.

SpaceMonster®

Three months ended 31 August 2021 S\$		Three months ended 31 August 2020 S\$
96,736	SpaceMonster Revenue	74,300

Demand in venue sharing services continued to increase and our SpaceMonster's revenue had a healthy growth of 30.2% in revenue as compared to last year's first quarter. Gross profit of SpaceMonster remained healthy at 99.4%.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Prospect and Outlook

In the short term, revenue and profit growth will be driven by the Simplicity business segment, with myBill augmenting for the medium term and Starlight providing upside in the long term. However, uncertainties persist because of the continued resurgence of COVID-19 variants currently surging throughout the world.

Demand for SaaS delivery of Simplicity is growing, and this will improve our future prospects for recurring revenue as the dominant class of revenue stream. We have expanded into fast-growing new markets such as data centers, with the acquisition of one of the region's data center leaders Keppel Data Centres. There is also strong demand in the South East Asian market for Simplicity software. Outside of our success in Singapore, we have acquired top national real estate champions such as the CP Group of Thailand, Vincom of Vietnam, and Armada Properties of Brunei as customers. This contributes to a healthy order book and also to higher quality revenue.

In the utilities revenue assurance market, the potential liberalization of billing services for water and gas in 2022 opens up a major market for the myBill platform just as the Open Electricity Market entered into a stable and stagnant phase.

For Starlight, the main goal is to win a major share of Singapore's next-generation metering infrastructure with the Tesseract. 200,000 meters will be up for grabs in 2023, and the remaining 1.4 million meters over 2024 to 2026. We hope that a major showcase in Singapore will drive demand throughout Asia.

We plan to ramp up our sales and marketing for another round of push to the region, including South East Asia, China, Hong Kong, and the Middle East. We will also move into appropriate fast-growing new industries such as data centers and continue to add to our portfolio of products to increase revenue from the existing client base.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

Revenue for the Reporting Period increased by S\$784,545 or 20.8% from S\$3,763,059 in the three months ended 31 August 2020 to S\$4,547,604 in the Reporting Period. Revenue from Simplicity increased by 23.4% or by S\$738,325, which was contributed primarily by project revenue from the Smart Estate Management System project and our commercial real estate project in Thailand. myBill's revenue increased by 19.3% or S\$63,734 from S\$330,159 in the three months ended 31 August 2020 to S\$393,893 in the Reporting Period. myBill's number of subscriptions remained stable at the one hundred thousand range, representing three hundred thousand charged subscriptions during each of the three-month periods ended 31 August 2020 and 31 August 2021. The steady increase in venue-sharing service resulted in 30.2% or S\$22,436 in SpaceMonster's revenue. Starlight's revenue decreased by 19.8%, or S\$39,950, because of the general slowdown in demand. Detailed analysis of each business unit's revenue is discussed in the preceding Business Review section.

COST OF SALES

During the Reporting Period, the cost of sales for the Group increased by 3.7%. Simplicity's cost of sales increased by 12.1%, or S\$235,358. 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. In the last financial year, we developed a value-added integrated customer relationship management ("CRM") module to replace the CRM service provided by a third-party vendor, eliminating a significant third-party cost and reducing myBill's cost of sales by 42.1%. Starlight's cost of sales decreased by 18.4%, in line with the decrease in revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit increased by S\$696,048 or 49.9% during the Reporting Period. Simplicity's gross profit was 44.2% compared to 38.6% in the three months ended 31 August 2020. The increase in gross profit was due to an increase in revenue. myBill, our utilities revenue assurance platform, is currently in its fourth year of operations, and we are pleased to report that the number of subscriptions continued to increase. A new value-added service we introduced last year has increased myBill's gross profit to 58.5% in the Reporting Period from 14.5% in the three months ended 31 August 2020. SpaceMonster gross profit remained stable at 99.4% compared to 98.0% in the last year's first quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of the salaries and other general and administrative staff benefits, office-related expenses, depreciation, and public company expenses. Administrative expenses increased by 32.7% from S\$723,440 for the three months ended 31 August 2020 to S\$959,822 for the three months ended 31 August 2021. This increase was mainly due to (i) the increase in the staff employment expenses, (ii) the increase in amortisation expense of right-of-use assets, (iii) the increase in depreciation of property, plant, and equipment.

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. Simplicity's current framework has reached its five years useful life on 31 May 2021. The technological advancement in architecture and customers' demand compel us to improve our software framework to keep up and move ahead of our competitors. myBill development costs were in relation to the development of billing for electric vehicle charging, and Starlight development costs were mainly for our office in India.

MARKETING AND OTHER OPERATING EXPENSES

Advertising and marketing expenses primarily consist of salaries, sales, marketing-related expenses, logistics and distribution expenses, and IT operations expenses. Sales and marketing expenses increased by 43.7% or S\$87,271, primarily due to the increase in sales enquiries volume. IT operations and distribution expenses have increased by 19.6% or S\$10,965 to support the increase in revenue.

NET PROFIT BEFORE TAX

As a result of the above factors, the net profit for the year of the Group increased by 13.4% from S\$484,105 for the three months ended 31 August 2020 to S\$548,883 for three months ended 31 August 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 August 2021, 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	11.31%
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	22,750,000	5.65%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 402,900,738 as at 31 August 2021, 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 2021, 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 2021, 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 ⁽⁶⁾
Ng Yen Yen ⁽¹⁾	Interest of spouse	45,572,000	-	11.31%
Lim Lay Hong ⁽²⁾	Interest of spouse	22,750,000	-	5.65%
BAF Spectrum Pte. Ltd. ⁽³⁾	Beneficial interest	28,698,162	-	7.12%
iGlobe Platinum Fund Limited ⁽⁴⁾	Beneficial interest	82,326,335	-	20.43%
Majuven Fund 1 Ltd. ⁽⁵⁾	Beneficial interest	36,528,219	-	9.07%
OWW Investments III Limited ⁽⁶⁾	Beneficial interest	20,873,307	-	5.18%
M1 TeliNet Pte. Ltd. ⁽⁷⁾	Beneficial interest	20,259,000	-	5.03%
M1 Limited ⁽⁷⁾	Interest in a controlled corporation	20,259,000	-	5.03%

Notes:

- (1) Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is the wife of Mr. Ong, the chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (3) BAF Spectrum Pte. Ltd. is beneficially owned by Prof Wong Poh Kam, a non-executive Director, Shah Sanjeev Kumar, Chow Yen Lu Yale, Tan Hong Huat, Hellmut Schutte, William Klippgen, Chua Seng Kiat and five other second-tier investors.
- (4) iGlobe Platinum Fund Limited is beneficially owned by Asia Core Properties Inc. Pte. Ltd., Lee Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard Haug, Harry Harmain Diah, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd., Kepventure Pte. Ltd., Khattar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe Sarraut, Hu Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Koichiro.
- (5) Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.
- (6) OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhua, Zang Yi, Yu Hai, Pang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.
- (7) M1 Limited wholly owns M1 TeliNet Pte. Ltd. and is deemed to be interested in the Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 August 2021 (i.e. 402,900,738 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 2021, 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 2021 and the date of this report, 4,075,390 options granted to four members of senior management of the Company had vested and were exercisable.

All of the above Pre-IPO share options have not been exercised as at 31 August 2021 and as at the date of this results announcement.

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 2021 and as at the date of this results announcement.

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 results announcement.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the three months ended 31 August 2021 (31 August 2020: 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. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey and one non-executive Director, Dr. Chong Yoke Sin. Mr. Mok Wai Seng 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 2022 First Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

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

Singapore, 15 October 2021

First Quarterly Results Announcement
For the Financial Period Ended
31 August 2021

ANACLE SYSTEMS LIMITED
Stock Code: 8353

Phone
+65 6914 2666

Email
info@anacle.com

3 Fusionopolis Way
#14-21 Symbiosis
Singapore 138633

Website
www.anacle.com