



ANACLE SYSTEMS

2022

Third Quarterly Report

For the nine months ended
28 February 2022

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

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

Table of contents

Page 04	Definitions
Page 06	Corporate Information
Page 07	Financial Highlights
Page 08	Condensed Consolidated Statement of Comprehensive Income
Page 09	Condensed Consolidated Statement of Changes in Equity
Page 10	Notes To The Condensed Consolidated Financial Statements
Page 22	Business Review
Page 27	Future Prospect and Outlook
Page 28	Financial Review
Page 30	Corporate Governance and Other Information

DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“commercialisation”	a product is considered commercially launched once our product generates its first dollar of revenue
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“Placing”	the placing of the Shares on 16 December 2016
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on 30 November 2016 in connection with the Placing
“Reporting Period”	the nine months ended 28 February 2022

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
Dr. Chong Yoke Sin

Independent Non-Executive Directors

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

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, ACS, ACIS
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

	Nine months ended	
	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Revenue	18,096,096	14,266,120
Gross profit	7,448,770	5,556,929
Profit before tax	2,311,398	1,876,666

26.8%

REVENUE INCREASE

The public sector's investment in smart technology contributed to a 38.7% or S\$4,542,004 increase in the revenue of our Simplicity business segment. myBill segment has a contraction of 27.4% or S\$333,035 in revenue due to the sudden demise of a major customer. Starlight continued to face a slowdown in demand due to the COVID-19 pandemic and the Fair Tenancy Code of Conduct introduced in June 2021 which prevented landlords from making profits from sub-selling of electricity. As a result, revenue from Starlight dipped further by 39.4%, or S\$428,814. Subscriptions for SpaceMonster continued to increase as more venues were coming on board resulting in a 20.6% or S\$49,821 increase in revenue.

34.0%

GROSS PROFIT INCREASE

Improvement to gross profit was due mainly due to an increase in revenue which offset the increase in our manpower-related costs for Simplicity. Challenges in employee retention have driven up both staff remuneration and outsourcing costs. Manpower costs contributed to a 71.9% increase in cost of sales for all business segments. The decrease in third party licences costs and amortisation expense for Simplicity and Starlight has offset the increase in manpower costs resulting in an overall increase in gross profit as compared to last year.

23.2%

PROFIT BEFORE TAX INCREASE

The increase in profit before tax was largely due to the increase in revenue which offset the increase in sales, marketing and general administrative expenses.

DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2022 (28 February 2021: S\$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Revenue	3	7,008,376	4,025,953	18,096,096	14,266,120
Cost of sales		(4,683,128)	(2,550,166)	(10,647,326)	(8,709,191)
Gross profit		2,325,248	1,475,787	7,448,770	5,556,929
Other revenue	4	22,229	152,650	90,762	780,626
Other gains and (losses)	5	(749)	(2,794)	10,906	(11,582)
Marketing and other operating expenses		(469,664)	(387,903)	(1,137,463)	(971,875)
Administrative expenses		(1,301,589)	(1,033,686)	(3,293,482)	(2,693,892)
Research and development costs		(198,022)	(266,598)	(760,466)	(746,016)
Finance costs	6	(14,719)	(23,165)	(47,629)	(37,524)
Profit/(loss) before income tax	7	362,734	(85,709)	2,311,398	1,876,666
Income tax expense	8	-	-	-	-
Profit/(loss) for the period		362,734	(85,709)	2,311,398	1,876,666
Other comprehensive income Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		(6,823)	1,062	(7,732)	(1,500)
Total comprehensive income for the period		355,911	(84,647)	2,303,666	1,875,166
Profit/(loss) for the period attributable to:					
Owners of the Company		362,860	(85,584)	2,311,913	1,877,169
Non-controlling interests		(126)	(125)	(515)	(503)
		362,734	(85,709)	2,311,398	1,876,666
Total comprehensive income for the period attributable to:					
Owners of the Company		356,037	(84,522)	2,304,181	1,875,669
Non-controlling interests		(126)	(125)	(515)	(503)
		355,911	(84,647)	2,303,666	1,875,166
Earnings/(loss) per share attributable to owners of the Company					
- Basic	10	0.09	(0.02)	0.57	0.47
- Diluted	10	0.09	(0.02)	0.57	0.46

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company

	Ordinary share capital S\$	Shares pending allotment S\$	Share premium S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	Accumulated losses S\$	Non- controlling interests S\$	Total S\$
At 31 May 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	-	-	-	-	-	2,311,913	(515)	2,311,398
Other comprehensive income	-	-	-	-	(7,732)	-	-	(7,732)
Total comprehensive income	-	-	-	-	(7,732)	2,311,913	(515)	2,303,666
Issuance of shares	229,500	(229,500)	-	-	-	-	-	-
As at 28 February 2022 (unaudited)	20,874,677	-	(1,376,024)	322,930	43,035	(3,431,729)	(51,179)	16,381,710
At 31 May 2020 (audited)	20,756,598	-	(1,376,024)	688,754	51,157	(8,244,355)	(48,848)	11,827,282
Profit for the period	-	-	-	-	-	1,877,169	(503)	1,876,666
Other comprehensive income	-	-	-	-	(1,500)	-	-	(1,500)
Total comprehensive income	-	-	-	-	(1,500)	1,877,169	(503)	1,875,166
Cancellation of shares	(111,421)	-	-	-	-	-	-	(111,421)
As at 28 February 2021 (unaudited)	20,645,177	-	(1,376,024)	688,754	49,657	(6,367,186)	(49,351)	13,591,027

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a “public company limited by shares” under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company’s registered office and principal place of business is 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 nine months ended 28 February 2022 (the “**2022 Third Quarterly Financial Statements**”) were approved for issue by the Board on 6 April 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2022 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 2022 Third Quarterly Financial Statements have been prepared under the historical cost basis.

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

The 2022 Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2021 (the “**2021 Financial Statements**”).

The 2022 Third Quarterly Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the “IFRSs”) and the disclosure requirements of the Companies Ordinance. The accounting policies and methods of computation used in the preparation of the 2022 Third 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(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.

(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.

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)

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

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.

(e) Government grants

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

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

(g) 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.

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.

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	
	Nine months ended							
	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Revenue from external customers	17,145,049	12,936,080	659,083	1,087,897	291,964	242,143	18,096,096	14,266,120
Gross profit	6,989,540	4,793,330	172,547	526,693	286,683	236,906	7,448,770	5,556,929
Depreciation and amortisation	328,421	687,921	6,641	11,799	-	-	335,062	699,720
Write-down of inventories	-	-	-	1,139	-	-	-	1,139
Reportable segment profit/(loss)	6,021,440	4,075,815	(586,865)	(330,150)	282,083	236,906	5,716,658	3,982,571

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

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

	Three months ended		Nine months ended	
	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Profit before income tax				
Reportable segment profit	1,736,045	899,891	5,716,658	3,982,571
Other revenue	22,229	89,536	90,587	717,157
Other gains and (losses)	(747)	(2,078)	5,031	(10,570)
Finance costs	(14,719)	(23,165)	(47,629)	(37,524)
Unallocated expenses:				
- Staff costs	(919,071)	(639,698)	(2,160,181)	(1,559,344)
- Share-based payments	-	-	-	-
- Rental expenses	(1,228)	27,744	(3,689)	19,016
- Legal and professional fee	(52,558)	(87,778)	(136,655)	(176,012)
- Depreciation	(32,855)	(34,966)	(100,011)	(71,613)
- Depreciation of rights-of-use assets	(208,490)	(233,719)	(625,698)	(480,187)
- Reinstatement cost	-	(4,065)	-	(47,065)
- Others	(165,872)	(77,411)	(427,015)	(459,763)
Consolidated profit/(loss) before income tax	362,734	(85,709)	2,311,398	1,876,666

(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	
	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Timing of revenue recognition								
Transferred over time								
- Project revenue	12,912,367	8,829,562	389,637	746,269	-	-	13,302,004	9,575,831
- Maintenance services	3,229,067	2,605,498	133,322	227,318	194	523	3,362,583	2,833,339
- Subscription	861,075	1,315,740	-	-	291,770	241,620	1,152,845	1,557,360
Recognised at a point of time								
- Sale of equipment	142,540	185,280	93,089	70,255	-	-	235,629	255,535
Other sources								
- Lease of equipment	-	-	43,035	44,055	-	-	43,035	44,055
	17,145,049	12,936,080	659,083	1,087,897	291,964	242,143	18,096,096	14,266,120
Primary geographical market								
Singapore	14,251,224	12,241,801	616,815	949,646	291,964	242,143	15,160,003	13,433,590
Thailand	2,550,713	-	-	-	-	-	2,550,713	-
Malaysia	11,733	10,317	36,575	130,435	-	-	48,308	140,752
PRC	116,814	110,082	-	-	-	-	116,814	110,082
Others	214,565	573,880	5,693	7,816	-	-	220,258	581,696
	17,145,049	12,936,080	659,083	1,087,897	291,964	242,143	18,096,096	14,266,120

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

(d) Information about major customers

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

	Nine months ended	
	28 February 2022 (unaudited) S\$	28 February 2021 (unaudited) S\$
Customer A	7,572,234	5,253,262
Customer B	2,461,666	2,082,137
Customer C	1,950,189	-

4. OTHER REVENUE

	Three months ended		Nine months ended	
	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$
Government grants	22,153	88,301	90,030	713,424
Interest income	76	89	119	2,286
Others	-	64,260	613	64,916
	22,229	152,650	90,762	780,626

5. OTHER GAINS AND (LOSSES)

	Three months ended		Nine months ended	
	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$
Net exchange gains/(losses)	(747)	(2,078)	5,031	(10,570)
Reversal of provision for obsolete inventories	(2)	-	4,922	-
Write-down of inventories	-	(716)	-	(1,139)
Reversal of/(provision for) expected credit loss	-	-	953	127
	(749)	(2,794)	10,906	(11,582)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended		Nine months ended	
	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$
Interest on lease liabilities	14,719	23,165	47,629	37,524
Interest on bank borrowings	-	-	-	-
	14,719	23,165	47,629	37,524

7. PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2021 (Unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	3,621,594	2,216,041	8,654,021	6,668,940
Contributions on defined contribution retirement plans	255,516	198,835	719,017	585,925
	3,877,110	2,414,876	9,373,038	7,254,865
Depreciation of property, plant and equipment	40,289	45,912	131,780	102,522
Depreciation of right-of-use assets	208,490	233,719	625,698	480,187
Amortisation of intangible assets	103,428	222,935	310,284	668,811
Finance costs	14,719	23,165	47,629	37,524
Reinstatement cost	-	4,065	-	47,065
Auditor's remuneration	-	-	4,850	5,294

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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% on the chargeable income for the nine months ended 28 February 2022 and 28 February 2021, respectively.

9. DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2022 (28 February 2021: S\$Nil).

10. EARNINGS PER SHARE

For the nine months ended 28 February 2022, the basic earnings per share of the Company was S\$0.57. The calculation is based on the profit attributable to the owners of the Company of S\$2,311,913 and 402,900,738 Ordinary Shares in issue. Diluted earnings per share of the Company was S\$0.57 which was based on the profit attributable to the owners of the Company of S\$2,311,913 and 406,976,128 weighted average number of Ordinary Shares in issue.

For the nine months ended 28 February 2021, the basic earnings per share of the Company was S\$0.47. The calculation is based on the profit attributable to the owners of the Company of S\$1,877,169 and 397,880,496 Ordinary Shares in issue. Diluted earnings per share of the Company was S\$0.46 which was based on the profit attributable to the owners of the Company of S\$1,877,169 and 405,762,422 weighted average number of Ordinary Shares in issue.

11. SHARE CAPITAL

	Number of Ordinary Shares in issue	S\$
As at 31 May 2021 (audited)	397,880,496	20,645,177
Issuance of ordinary shares	5,020,242	229,500
As at 28 February 2022 (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

	Nine months ended 28 February 2022	Nine months ended 28 February 2021
	S\$	S\$
Total Simplicity Revenue	16,263,814	11,721,810
Simplicity Project Revenue	12,892,207	8,716,722
Simplicity Maintenance Services	3,229,067	2,819,808
Simplicity Sale of Equipment	142,540	185,280

▲ **38.7%** (2021: ▲ 37.2%)

TOTAL SIMPLICITY REVENUE

Our Simplicity business segment achieved a revenue increase of 38.7% from S\$11,721,810 for the nine months ended 28 February 2021 to S\$16,263,814 for the nine months ended 28 February 2022.

▲ **47.9%** (2021: ▲ 42.3%)

SIMPLICITY PROJECT REVENUE

47.9% increase in project revenue was mainly driven by both deliveries of the Smart Estate Management System project for the Singapore Housing Development Authority and a commercial real estate management system project for the CP Group in Thailand.

▲ **14.5%** (2021: ▲ 16.9%)

SIMPLICITY MAINTENANCE SERVICES

As compared to the same quarter last financial year, the Group has increased its customer base. Recurring maintenance service from our existing customer base has increased slightly which brought about a 14.5% increase in revenue.

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

Management Discussion and Analysis Business Review

STARLIGHT

	Nine months ended 28 February 2022	Nine months ended 28 February 2021
	S\$	S\$
Total Starlight Revenue	659,083	1,087,897
Starlight Project Revenue	389,637	746,269
Starlight Maintenance Services	133,322	227,318
Starlight Leasing of Equipment	43,035	44,055
Starlight Sale of Equipment	93,089	70,255

▼**39.4%** (2021: ▼ 59.7%)

TOTAL STARLIGHT REVENUE

Our Starlight business segment suffered a further revenue decrease of 39.4% from S\$1,087,897 for the nine months ended 28 February 2021 to S\$659,083 for the nine months ended 28 February 2022.

▼**47.8%** (2021: ▼ 68.8%)

STARLIGHT PROJECT REVENUE

Starlight project revenue was heavily affected by depressed demand due to the COVID-19 pandemic as well as 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). Recurring service and leasing revenue have also been impacted negatively due to the trend of reducing project revenue in the recent past.

▼**41.4%** (2021: ▲ 47.7%)

STARLIGHT RECURRING SERVICE REVENUE

▼**2.3%** (2021: ▲ 0.8%)

STARLIGHT LEASING REVENUE

Management Discussion and Analysis

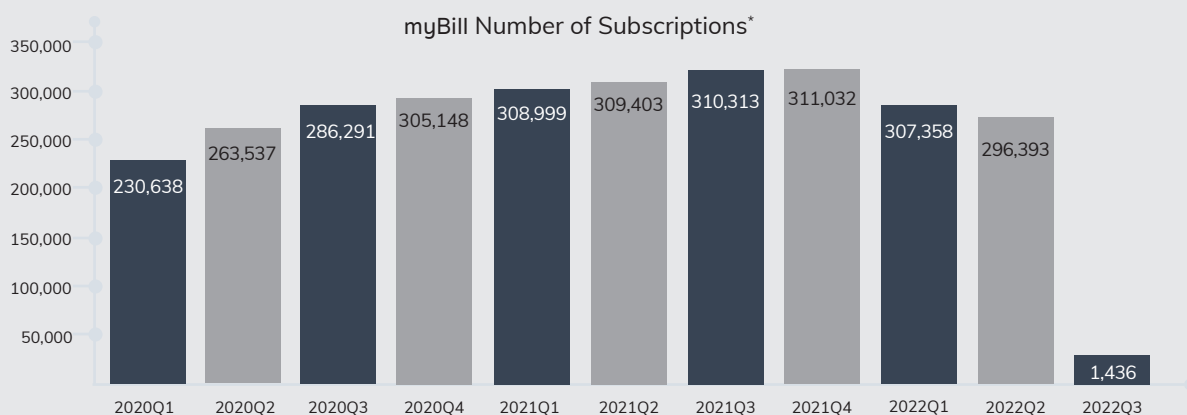
Business Review

myBill

	Nine months ended 28 February 2022	Nine months ended 28 February 2021
	S\$	S\$
Total myBill Revenue	881,235	1,214,270
myBill Subscription	861,075	1,101,430
myBill Project Revenue	20,160	112,840

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

The sudden demise of the major customer for the myBill platform - iSwitch Energy in November 2021 due to market shocks from global gas shortage has a significant impact on myBill. Revenue contracted by 27.4% or S\$333,035.



* The bars represent the total number of myBill subscriptions during each of the quarter

Management Discussion and Analysis Business Review

SPACEMONSTER

	Nine months ended 28 February 2022	Nine months ended 28 February 2021
	S\$	S\$
SpaceMonster Revenue	291,964	242,143

Demand in venue sharing services continued to increase and our SpaceMonster's revenue had a healthy growth of 20.6% in revenue as compared to last year's third quarter. Gross profit of SpaceMonster remained healthy at 98.2%.

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.

The expectation of a recovering economy due to COVID-19 pandemic coming under control in our geographical markets has been dampened by the geopolitical uncertainties due to war in Europe, high inflation globally and the pending Goods & Services Tax increase in Singapore, our major market. While we remain cautiously optimistic with regards to Simplicity and SpaceMonster as the public sector technology spending has not exhibited signs of reducing, the practical collapse of the Singapore Open Electricity Market will lead to difficult period for both myBill and Starlight in the near term.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

Revenue for the Group for the Reporting Period increased by S\$3,829,976 or 26.8% from S\$14,266,120 during the nine months ended 28 February 2021 to S\$18,096,096 during the Reporting Period. Revenue from Simplicity increased by 38.7% or by S\$4,542,004 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\$428,814 or 39.4% in Starlight's revenue and a decrease of S\$333,035 or 27.4% in myBill's revenue. Starlight was facing depressed demand due to COVID-19 and the Fair Tenancy Code of Conduct introduced in June 2021 by the Singapore Government. myBill's decrease in revenue was due the sudden demise of a major customer. Steady increase in venue-sharing service resulted in an increase of 20.6% or S\$49,821 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 22.3%. Simplicity's cost of sales increased by 29.3% or S\$2,197,050. The increase was mainly 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 offset by the decrease in myBill and Starlight cost of sales. myBill's cost of sales decreased by 28.2% while Starlight's cost of sales decreased by 13.3%. SpaceMonster's cost of sales remained stable with a slight increase of 0.8%.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit increased by S\$1,891,841 or 34.0% during the Reporting Period.

The increase in gross profit was due to an increase in revenue. Simplicity's gross profit was 40.4% as compared to 36.1% same period last year. myBill's gross profit was 46.7% compared 46.2% same period last year. SpaceMonster's gross profit was 98.2% compared to 97.8% same period last year. The only segment to witness a drop in Gross Profit is Starlight, at 26.2% compared to 48.4% same period last year.

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 22.3% from S\$ 2,693,892 for the nine months ended 28 February 2021 to S\$ 3,293,482 for the nine months ended 28 February 2022. 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

Research and development costs remained stable with an increase of S\$14,450 or 1.9%; allocation of research and development funds began shifting from Starlight to Simplicity. 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. The technological advancement in architecture and customers' demand compel us to improve our software framework to keep up and move ahead of our competitors.

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, marketing and distribution expenses have increased by S\$165,588 or 17.0% due to lifting of COVID-19 restrictions and increased marketing efforts by the Group.

NET PROFIT BEFORE TAX

Net profit before tax of the Group for the Reporting Period was S\$2,311,398 as compared to S\$1,876,666 for the nine months ended 28 February 2021.

The Group's net profit for the nine months ended 28 February 2021 included COVID-19 wage support grant from the Singapore Government which amounted to S\$645,435. The wage support grant ended in March 2021 for information technology sector that was deemed to be managing well under the pandemic.

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 28 February 2022, 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 28 February 2022, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

Save as disclosed above, as at 28 February 2022, 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 28 February 2022, 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 ⁽⁷⁾
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%
Majuven Fund 1 Ltd. ⁽⁴⁾	Beneficial interest	36,528,219	-	9.07%
OWW Investments III Limited ⁽⁵⁾	Beneficial interest	20,873,307	-	5.18%
M1 TeliNet Pte. Ltd. ⁽⁶⁾	Beneficial interest	20,259,000	-	5.03%
M1 Limited ⁽⁶⁾	Interest in a controlled corporation	20,259,000	-	5.03%
Konnectivity Pte. Ltd. ⁽⁶⁾	Interest in a controlled corporation	20,259,000	-	5.03%
Keppel Konnect Pte. Ltd. ⁽⁶⁾	Interest in a controlled corporation	20,259,000	-	5.03%
Keppel Corporation Limited ⁽⁶⁾	Interest in a controlled corporation	36,723,000	-	9.11%

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) 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.
- (5) 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, P ang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, S hen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, T an 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.
- (6) Keppel Corporation Limited wholly owns Keppel Konnect Pte. Ltd., which in turn wholly owns Konnectivity Pte. Ltd., which in turn owns M1 Limited as to approximately 80.69%, which in turn wholly owns M1 TeliNet Pte. Ltd. Keppel Corporation Limited is deemed to be interested in the Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.
Keppel Corporation Limited wholly owns Kepventure Pte. Ltd. and is deemed to be interested in the 16,464,000 Shares held by Kepventure Pte. Ltd. pursuant to the disclosure requirements of the SFO
- (7) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 28 February 2022 (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 28 February 2022, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

The Company adopted two Pre-IPO Share Option Schemes with the approval of the Board. The principal terms of the two Pre-IPO Share Option Schemes are substantially identical to each other.

The Pre-IPO Share Option Schemes are intended to promote the interests of the Company by providing eligible individuals who are responsible for the management, growth and financial success of the Company or who otherwise render valuable services to the Company with the opportunity to acquire a proprietary interest, in the Company and thereby encourage them to remain in the service of the Company.

These Pre-IPO share options are exercisable at either approximately S\$0.01 per share or S\$0.07 per share (as the case may be and taking into account the automatic adjustment due to the sub-division of shares of the Company that took place on 24 November 2016), each becoming exercisable in four equal tranches at the end of each year commencing from the grant date and shall expire (i) ten years from the day on which the Pre-IPO share options become exercisable; or (ii) three years from the Listing Date, whichever is earlier.

As at 28 February 2022 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 28 February 2022 and as at the date of this report.

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016. Since the adoption of the Post-IPO Share Option Scheme, no share option has been granted, exercised or cancelled by the Company under the Post-IPO Share Option Scheme and there were no outstanding share options under the Post-IPO Share Option Scheme as at 28 February 2022 and as at the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Required Standard of Dealings. The Company had made specific enquiries with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings throughout the Reporting Period.

Corporate Governance and Other Information

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or the controlling shareholders of the Company, or their respective close associates had an interest in any business which directly or indirectly competed or might compete with the business of the Group.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through solid corporate governance.

The Company's corporate governance practices are based on the principles and the code provisions of corporate governance as set out in the CG Code in Appendix 15 to the GEM Listing Rules and in relation to, among others, the Directors, chairman of the Board and chief executive officer, the Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and the communications with the Shareholders.

To the best knowledge of the Board, the Company has adopted and has complied with all applicable code provisions set out in the CG Code during the Reporting Period and thereafter to the date of this report.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 28 February 2022 (28 February 2021: 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 Sengi 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 Third Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

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

Singapore, 6 April 2022

ANACLE SYSTEMS LIMITED

2022 Third Quarterly Report

For the nine months ended
28 February 2022

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