ANACLE SYSTEMS

2023 First Quarterly Report

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

* *for identification purpose only*

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

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

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

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

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DEFINITIONS

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

Nomination Committee
Mr. Lee Suan Hiang (*Chairman*)
Mr. Alwi Bin Abdul Hafiz
Mr. Mok Wai Seng

COMPLIANCE OFFICER
Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES
Ms. Yue Sau Lan, ACG, HKACG
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
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Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY WEBSITE
www.anacle.com

GEM STOCK CODE
8353

FINANCIAL HIGHLIGHTS

First Quarter 2023

	Three months ended	
	31 August 2022 (unaudited) S$	31 August 2021 (unaudited) S$
Revenue	**4,648,290**	4,547,604
Gross profit	**2,013,529**	2,089,942
(Loss)/profit before tax	**(388,742)**	548,883

2.2%

INCREASE IN REVENUE

A reduction in the public sector's investment in smart technology due to post-Covid-19 fiscal tightening by the Singapore government, coupled with a recovery in the number of subscriptions for our utility billing business, contributed to a small net S$529 growth in the revenue of our Simplicity® business segment.

Due to the opening up of the economy post-pandemic and an increase in the demand for our Starlight® energy-saving technology, the Starlight® business segment experienced a recovery, with an increase of revenue by 61.9%, or $100,157.

3.7%

DECREASE IN GROSS PROFIT

Challenges in employee retention have driven up manpower and outsourcing costs. Simplicity® gross profit decreased from 46.7% to 43.4%. In comparison, Starlight®'s gross profit increased from 25.8% to 41.5% as a result of price adjustment and an increase in demand for Starlight® energy-saving technology in response to rising energy prices. The increase in Starlight® gross profit has partially offset the increase in Simplicity®'s cost of sales.

$388,742

LOSS BEFORE TAX

The loss before tax was largely due to the Group's decision to undertake investment activities to propel the Company to the next level, including expanded sales and marketing, increased Simplicity® research and development, as well as increased general administration.

DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2022 (31 August 2021: S$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August 2022 (unaudited) S$	2021 (unaudited) S$
Revenue	3c	4,648,290	4,547,604
Cost of sales		(2,634,761)	(2,457,662)
Gross profit		2,013,529	2,089,942
Other revenue	4	158,771	33,508
Other gains and (losses)	5	9,047	8,238
Marketing and other operating expenses		(632,171)	(354,151)
Administrative expenses		(1,317,916)	(959,822)
Research and development costs		(601,272)	(251,805)
Finance costs	7	(18,730)	(17,027)
(Loss)/profit before income tax	6	(388,742)	548,883
Income tax credit	8	3,011	-
(Loss)/profit for the period		(385,731)	548,883
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		(930)	(1,412)
Total comprehensive income for the period		(386,661)	547,471
(Loss)/profit for the period attributable to:			
Owners of the Company		(385,458)	549,003
Non-controlling interests		(273)	(120)
		(385,731)	548,883
Total comprehensive income for the period attributable to:			
Owners of the Company		(386,388)	547,591
Non-controlling interests		(273)	(120)
		(386,661)	547,471
		Singapore cents	Singapore cents
(Loss)/earnings per share attributable to owners of the Company			
- Basic	10	(0.10)	0.14
- Diluted	10	(0.10)	0.13

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Ordinary share capital	Share capital pending allotment	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non-controlling interests	Total
	S$	S$	S$	S$	S$	S$	S$	S$
At 1 June 2022 (audited)	**20,874,677**	**-**	**(1,376,024)**	**322,930**	**43,089**	**(3,373,846)**	**(52,551)**	**16,438,275**
Loss for the period	-	-	-	-	-	(385,458)	(273)	(385,731)
Other comprehensive income	-	-	-	-	(930)	-	-	(930)
Total comprehensive income	-	-	-	-	(930)	(385,458)	(273)	(386,661)
As at 31 August 2022 (unaudited)	**20,874,677**	**-**	**(1,376,024)**	**322,930**	**42,159**	**(3,759,304)**	**(52,824)**	**16,051,614**
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**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First Quarter 2023

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 2022 (the "**2023 First Quarterly Financial Statements**") were approved for issue by the Board on 5 October 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2023 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 2023 First Quarterly Financial Statements have been prepared under the historical cost basis.

The 2023 First Quarterly Financial Statements are presented in Singapore Dollar ("S$"), which is the same as the functional currency of the Company.

The 2023 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 2022 (the "**2022 Financial Statements**").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The 2023 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 2023 First Quarterly Financial Statements are consistent with those used in the preparation of the 2022 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, 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 a 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 "contact 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 rending 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 segments are managed separately as each business offers different products and services and requires different business strategies.

In June 2022, the Group reviewed its business model and combined SpaceMonster, the online venue booking platform, under Simplicity. Quantitatively, SpaceMonster revenue has always been less than three percent of the Group's total revenue. Operation-wise, the economic characteristics of SpaceMonster's facility booking are the same as Simplicity's shared resources management; both operating segments share the same customers and resources. As Simplicity is progressively moving toward the Software-as-a-Service model, SpaceMonster and Simplicity are more aligned in their business stategies.

Beginning on 1 June 2022, the Group has two reportable segments. The following summary describes the operations in each of the Group's reportable segments:

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

- 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.

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		Starlight		Total	
	Three months ended 31 August					
	2022 (unaudited) S$	**2021 (unaudited) S$**	**2022 (unaudited) S$**	**2021 (unaudited) S$**	**2022 (unaudited) S$**	**2021 (unaudited) S$**
Revenue from external customers	4,386,364	4,385,835	261,926	161,769	4,648,290	4,547,604
Gross profit	1,904,757	2,048,260	108,772	41,682	2,013,529	2,089,942
Reportable segment profit/(loss)	1,054,449	1,764,947	(102,844)	(214,070)	951,605	1,550,877
Depreciation and amortisation	106,199	110,638	1,568	4,654	107,767	115,292
Reversal of provision for obsolete inventories	-	-	-	(4,907)	-	(4,907

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	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Reportable segment profit	951,605	1,550,877
Other revenue	123,949	33,333
Other gains and (losses)	9,047	3,331
Finance costs	(18,730)	(17,027)
Unallocated expenses:		
- Staff costs	(960,461)	(486,386)
- Rental expense	(1,231)	(1,231)
- Legal and professional fee	(29,453)	(48,586)
- Depreciation	(29,676)	(34,057)
- Depreciation of right-of-use assets	(241,593)	(208,604)
- Others	(192,199)	(242,767)
Consolidated (loss)/profit before income tax	(388,742)	548,883

c) Disaggregation of revenue

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

	Simplicity		Starlight		Total	
	Three months ended 31 August					
	2022 S$	2021 S$	2022 S$	2021 S$	2022 S$	2021 S$
Timing of revenue recognition						
Transferred over time						
- Project revenue	2,532,140	2,843,300	194,205	83,448	2,726,345	2,926,748
- Maintenance services	1,352,792	975,382	51,111	27,604	1,403,903	1,002,986
- Subscription	501,432	490,503	-	-	501,432	490,503
Recognised at a point of time						
- Sale of equipment	-	76,650	3,650	35,762	3,650	112,412
Other sources						
- Lease of equipment	-	-	12,960	14,955	12,960	14,955
	4,386,364	4,385,835	261,926	161,769	4,648,290	4,547,604
Primary geographical market						
Singapore	3,786,374	3,002,122	261,281	158,729	4,047,655	3,160,851
Thailand	332,209	1,214,060	-	-	332,209	1,214,060
Malaysia	3,654	3,381	-	-	3,654	3,381
PRC	12,428	85,199	-	-	12,428	85,199
Others	251,699	81,073	645	3,040	252,344	84,113
	4,386,364	4,385,835	261,926	161,769	4,648,290	4,547,604

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER REVENUE

	Three months ended 31 August	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Government grants	141,562	32,932
Interest income	16,080	12
Others	1,129	564
	158,771	33,508

5. OTHER GAINS AND (LOSSES)

	Three months ended 31 August	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Net exchange gains/(losses)	9,047	3,331
Reversal of provision for obsolete inventories	-	4,907
	9,047	8,238

6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 31 August	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Staff costs (including directors' emoluments)		
Salaries and allowances	3,139,762	2,398,713
Contributions on defined contribution retirement plans	278,039	215,448
	3,417,801	2,614,161
Depreciation of property, plant and equipment	40,061	45,921
Depreciation of right-of-use assets	241,593	208,604
Amortisation of intangible assets	103,428	103,428
Reversal of provision for obsolete inventories	-	(4,907)
Finance costs	18,730	17,027

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	Three months ended 31 August	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Interest on lease liabilities	18,730	17,027
Interest on bank borrowings	-	-
	18,730	17,027

8. INCOME TAX CREDIT

	Three months ended 31 August	
	2022 (Unaudited) S$	2021 (Unaudited) S$
Current tax	3,011	-

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 2022.

9. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2022 (31 August 2021: S$Nil).

10. (LOSS)/EARNINGS PER SHARE

For the three months ended 31 August 2022, the basic loss per share of the Company was 0.10 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S$385,458 and 402,900,738 Ordinary Shares in issue. The diluted loss per share of the Company was 0.10 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S$385,458 and 403,660,504 weighted average number of Ordinary Shares in issue.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. SHARE CAPITAL

	Number of Shares	Share Capital S$
Issued and fully paid:		
As at 31 May 2022 (audited) and 31 August 2022 (unaudited)	402,900,738	20,874,677

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 our customers with upgrades, maintenance, and after-sales support. 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 an immediate positive impact on our customers.

We have two revenue-generating business segments, Simplicity® and Starlight®.

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 on-premise system design and implementation services and continual systems enhancement. Recurring revenue comprises 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. Ongoing system enhancements and recurring revenue are driven by existing and newly acquired customers.

Simplicity® Utility Billing (previously 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 payments and compute arrears. Simplicity® Utility Billing charges a monthly fee per customer account onboarded to the platform, greatly aligning our interests with those of the energy retailers. Simplicity® Utility Billing 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 fees for renting Starlight® hardware.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

SIMPLICITY® BUSINESS SEGMENT

Three months ended 31 August 2022 S$		Three months ended 31 August 2021 S$
4,386,364	**Total Simplicity® Revenue**	**4,385,835**
2,532,140	Project Revenue	2,843,300
1,352,792	Maintenance Services	975,382
501,432	Subscription	490,503
-	Sale of Equipment	76,650

▲0.0% (31 August 2021: ▲ 23.2%)

TOTAL SIMPLICITY® REVENUE

▼10.9% (31 August 2021: ▲ 34.1%)

PROJECT REVENUE

▲38.7% (31 August 2021: ▼ 5.8%)

MAINTENANCE SERVICES

▲2.2% (31 August 2021: ▲ 21.3%)

SUBSCRIPTION REVENUE

The public sector's smart technology investment has declined since early 2022, mainly due to post-COVID-19 fiscal tightening by the Singapore government. Project revenue during this Reporting Period was mostly from system enhancements from existing customers from the commercial sector. We expect to see a drop in project revenue throughout this financial year.

Our revenue growth in the past two years has translated to a bigger customer base for our recurring maintenance revenue. Simplicity®'s recurring maintenance service revenue in this Reporting Period had a 38.7% increase.

Simplicity®'s utility billing business recovered from the last financial year's setback. Our new contract for an integrated billing service has revived Simplicity®'s subscription revenue by 2.2% in this Reporting Period.

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® BUSINESS SEGMENT

Three months ended 31 August 2022 S$		Three months ended 31 August 2021 S$
261,926	**Total Starlight® Revenue**	**161,769**
194,205	Project Revenue	83,448
51,111	Maintenance Services	27,604
12,960	Leasing of Equipment	14,955
3,650	Sale of Equipment	35,762

▲61.9% (31 August 2021: ▼ 19.8%)

TOTAL STARLIGHT® REVENUE

▲132.7% (31 August 2021: ▼ 25.6%)

PROJECT REVENUE

▲85.2% (31 August 2021: ▼ 61.0%)

RECURRING SERVICE REVENUE

▼13.3% (31 August 2021: ▲ 2.6%)

RENTAL REVENUE

Due to the opening up of the economy post-pandemic, our Starlight® business segment experienced a recovery, with an increase of revenue by 61.9%, or S$100,157, in both project and recurring service revenue.

A post-pandemic retail boom and rising energy costs have led to more customers adopting energy saving technologies, resulting in a 132.7%, or S$110,757 increase in project revenue, as well as a 85.2%, or S$23,507 increase in recurring service revenue.

Equipment and rental revenue continued to drop as a result of the Fair Tenancy Act dampening demand for rental or purchase of Starlight® revenue meters.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Prospect and Outlook

In the short term, the Group's revenue will be contributed by the Simplicity® business segment, and Starlight® provides upside in the long term. However, uncertainties persist because of the general economic slowdown and fiscal tightening by the Singapore government.

Demand for SaaS delivery of Simplicity® is growing, and this will improve our prospects for recurring revenue as the dominant class of revenue stream. There is strong demand in the South East Asian market for Simplicity® software, which we expect to contribute to a healthy order book and higher quality revenue.

In the utilities revenue assurance market, we launched the billing services for Keppel Electric on the Simplicity® Utilities Billing (previously myBill) platform in July 2022. We expect that revenue and income from this segment will recover in this financial year.

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 from 2024 to 2026. We hope that a major showcase in Singapore will drive demand throughout Asia.

We launched our Australian office in June 2022. We plan to ramp up our sales and marketing for another round of push to the region, including South East Asia, Australia, New Zealand, and East Asia.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

The revenue of the Group increased by 2.2% or S$100,686 from S$4,547,604 in the first quarter last year to S$4,648,290 in the three months ended 31 August 2022. S$100,157 of the increase in revenue was contributed by our Starlight® business segment, while a much smaller $529 growth was contributed by the Simplicity® segment.

Simplicity®'s revenue was much more evenly spread among public and private sector customers, with no single customer contributing 15% or more of the total revenue. Of special note is the recovery of the utilities billing segment (previously myBill) with the launching of the platform for Keppel Electric, drawing in more than 150,000 end-customer accounts and contributing to a revenue increase of 18.5% or S$72,849 from S$393,893 in the first quarter last year to S$466,742 in this Reporting Period. Starlight®'s revenue increased by 61.9%, or S$100,157, because of the demand for energy-saving technology due to rising energy costs. The preceding Business Review section discusses detailed analysis of each business unit's revenue.

COST OF SALES

During the Reporting Period, the Group's sales cost increased by 7.3%. Simplicity®'s cost of sales increased by 6.3%, or S$146,737, due to an increase in manpower cost, third-party licenses, and applications for project implementation. Corresponding to the increase in revenue, Starlight®'s cost of sales increased by 27.5%, all of which were hardware and third-party professional services.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit decreased by S$76,413 or 3.7% during the Reporting Period. Simplicity®'s gross profit margin was 43.3% compared to 46.7% in the three months ended 31 August 2021. The gross profit decreased due to increased manpower costs and other third-party licenses.

Starlight®'s gross profit margin was 41.5% compared to 25.8% in the three months ended 31 August 2021 due to price adjustment and adoption of energy-saving technologies in response to rising energy costs which led to an increase in demand for Starlight® energy management solution by 61.9%.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of salaries and benefits, office-related expenses, depreciation, and public company expenses. Administrative expenses increased by 37.3% from S$959,822 for the three months ended 31 August 2021 to S$1,317,916 for the three months ended 31 August 2022. This increase was mainly due to the increase in staff costs. We invested resources to increase the quality of our service delivery, the people, and the process. We conducted more staff training sessions in information security, hired additional manpower for our internal audit and human resources departments, and enhanced our staff incentives to improve employee retention. In June 2022, we expanded our business operations to the Australian market, which added some overhead to our administrative expenses.

RESEARCH AND DEVELOPMENT COSTS

We continued to invest in improvements and enhancements to the existing products to serve the evolving market better. New features have been continuously added to enhance our customers' experience using our Simplicity® and Starlight® 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. As part of our carbon emission control, we are progessively moving to cloud computing. We acknowledge that the cloud environment has higher information security risks than the traditional on-premise delivery model. Our focus this financial year is to improve the security features of Simplicity®. Starlight® development costs were mainly for our office in India.

MARKETING AND OTHER OPERATING EXPENSES

Sales and marketing expenses increased by 78.5%, or S$278,020, primarily due to an 86.1% increase in sales and marketing activities locally and in our new target market. Advertising and marketing expenses mainly consist of salaries, sales, marketing-related expenses, logistics and distribution expenses, and IT operations expenses. IT infrastructure support has increased by 45.9% as we implemented new and improved information security measures.

NET LOSS BEFORE TAX

As a result of our investment in the new market, IT improved security controls and processes, and product technology updates, the Group recorded a net loss before tax of S$388,742 for the three months ended 31 August 2022 as compared to S$548,883 net profit before tax for the three months ended 31 August 2021.

CORPORATE GOVERNANCE AND OTHER INCOFMATION

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

As at 31 August 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%
Prof. Wong Poh Kam ("**Prof. Wong**")	Beneficial interest	22,993,900	22,993,900	5.71%

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 2022, 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 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 31 August 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[(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%
Majuven Fund 1 Ltd.[(3)]	Beneficial interest	36,528,219	-	9.07%
OWW Investments III Limited [(4)]	Beneficial interest	20,873,307	-	5.18%
M1 TeliNet Pte. Ltd. [(5)]	Beneficial interest	20,259,000	-	5.03%
M1 Limited [(5)]	Interest of a controlled corporation	20,259,000	-	5.03%
Konnectivity Pte. Ltd. [(5)]	Interest of a controlled corporation	20,259,000	-	5.03%
Keppel Konnect Pte. Ltd. [(5)]	Interest of a controlled corporation	20,259,000	-	5.03%
Keppel Corporation Limited [(5)]	Interest of 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) 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.

(4) OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhuo, Zang Yi, Yu Hai, Pang Hongmei, LI Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.

(5) 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. which in turn wholly owns Keppel Oil & Gas Pte. Ltd. and is deemed to be interested in the 16,464,000 Shares held by Keppel Oil & Gas Pte. Ltd. pursuant to the disclosure requirements of the SFO.

(6) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 August 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 31 August 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 31 August 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 31 August 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 31 August 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 three months ended 31 August 2022 (31 August 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 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 2023 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, 5 October 2022

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First Quarterly Report For the Financial Period Ended 31 August 2022

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