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Anacle Systems Limited

安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 8353)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 AUGUST 2023

The board of directors (the “**Directors**”) of Anacle Systems Limited (the “**Company**”) is pleased to announce the unaudited first quarterly financial results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 August 2023 (the “**2024 First Quarterly Results Announcement**”). This announcement, containing the full text of the 2024 First Quarterly Results Announcement of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM in relation to information to accompany the preliminary announcement of first quarterly results. The printed version of the Group’s 2024 first quarterly report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.anacle.com on or before 15 October 2023.

On behalf of the Board
Anacle Systems Limited

Lau E Choon Alex

Executive Director and Chief Executive Officer

Singapore, 4 October 2023

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

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

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

** for identification purpose only*

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 document, for which the directors (the “Directors”) of Anacle Systems Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document 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
“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 document, 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
“First Quarter 2024” or “Reporting Period”	the three months ended 31 August 2023

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 document, 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. 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, 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

First Quarter 2024

	Three months ended	
	31 August 2023 (unaudited) S\$	31 August 2022 (unaudited) S\$
Revenue	5,481,305	4,648,290
Gross profit	2,558,985	2,013,529
Loss before tax	(337,210)	(388,742)

▲ 17.9% REVENUE

Total revenue increased by 17.9% or S\$833,015 during the First Quarter 2024. This was due primarily to a S\$1,421,432 increase in revenue from Simplicity® Real Estate segment, and was partially offset by a S\$606,983 decrease in revenue from Simplicity® Digital Workplace and Utilities segments.

▲ 27.1% GROSS PROFIT

Gross profit for Simplicity® and Starlight® increased by S\$535,748 and S\$9,708 respectively due primarily to higher portion of recurring revenue as compared to system implementation revenue.

S\$337,210 LOSS BEFORE TAX

Loss before tax was due primarily to expenses incurred for the Company's first technology showcase event in July 2023, our market expansion to Australia, as well as inflation-adjustment of employee salaries.

DIVIDEND

The Board did not declared the payment of a dividend for the three months ended 31 August 2023 (31 August 2022: S\$ Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August	
		2023 (unaudited) S\$	2022 (unaudited) S\$
Revenue	4c	5,481,305	4,648,290
Cost of sales		(2,922,320)	(2,634,761)
Gross profit		2,558,985	2,013,529
Other revenue	5	74,719	158,771
Other gains and (losses)	6	(2,385)	9,047
Marketing and other operating expenses		(856,325)	(632,171)
Administrative expenses		(1,454,943)	(1,317,916)
Research and development costs		(636,340)	(601,272)
Finance costs	8	(20,921)	(18,730)
Loss before income tax	7	(337,210)	(388,742)
Income tax credit	9	10,707	3,011
Loss for the period		(326,503)	(385,731)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		(5,229)	(930)
Total comprehensive income for the period		(331,732)	(386,661)
Loss for the period attributable to:			
Owners of the Company		(326,388)	(385,458)
Non-controlling interests		(115)	(273)
		(326,503)	(385,731)
Total comprehensive income for the period attributable to:			
Owners of the Company		(331,617)	(386,388)
Non-controlling interests		(115)	(273)
		(331,732)	(386,661)
		Singapore cents	Singapore cents
Loss per share attributable to owners of the Company			
- Basic	11	(0.08)	(0.10)
- Diluted	11	(0.08)	(0.10)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total S\$
	Ordinary share capital	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non- controlling interests		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
At 1 June 2023 (audited)	20,988,202	(1,376,024)	133,754	7,945	(2,810,383)	(54,534)	16,888,960	
Loss for the period	-	-	-	-	(326,388)	(115)	(326,503)	
Other comprehensive income	-	-	-	(5,229)	-	-	(5,229)	
Total comprehensive income	-	-	-	(5,229)	(326,388)	(115)	(331,732)	
As at 31 August 2023 (unaudited)	20,988,202	(1,376,024)	133,754	2,716	(3,136,771)	(54,649)	16,557,228	
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	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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 Company’s shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 2023 (the “**2024 First Quarterly Financial Statements**”) were approved for issue by the Board on 4 October 2023.

2. BASIS OF PREPARATION

The 2024 First Quarterly Financial Statements have been prepared in accordance with applicable disclosure requirements of the GEM Listing Rules. These financial statements are unaudited but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

The 2024 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 2023 (“**2023 Financial Statements**”).

The 2024 First Quarterly Financial Statements have been prepared under the historical cost basis and are presented in Singapore Dollar (“**S\$**”), which is the same as the functional currency of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2024 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 2024 First Quarterly Financial Statements are consistent with those used in the preparation of the 2023 Financial Statements.

(a) 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 the Group’s projects of provision of enterprise application software solutions and energy management solution

The Group generates revenue from projects of provision of enterprise application software solutions and energy management solutions including customer-specified enhancements to the existing implemented 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.

Revenue from maintenance service

Maintenance service includes technical support and software assurance. Revenue from maintenance services is recognised over time as the benefits are received and consumed simultaneously by the customer. Maintenance revenue is recognised based on time elapsed and rateably over the contract duration. Under the standardised agreement, the performance obligation is to stand ready to provide technical support and unspecified software updates on a when-and-if-available basis. Invoices for maintenance services are issued on a monthly basis and are usually payable within 30 days. No significant financial component existed.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Revenue recognition (Continued)

Subscription revenue

Subscription revenue is recognised over time as the benefits are received and consumed simultaneously by the customer. Subscriptions contracts are structured as fee-per-account with a minimum number of base accounts. There is no variable consideration in the Group's standard subscription contracts. Subscription revenue is recognised by the number of accounts.

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.

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.

(b) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

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).

(d) Income taxes

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(e) Employee benefits

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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest’s share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(g) 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.

(h) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases (Continued)

The Group as a lessee (Continued)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 reassesses 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. 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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT REPORTING

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

The Group has two 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:

- i. **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
- ii. **Starlight** - a one-stop cloud-based energy management solutions which provides all-time access to the energy profiles of buildings, including information such as energy consumption, power quality, energy analytics and carbon footprint profiles; and

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

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$
Revenue from external customers	5,200,813	4,386,364	280,492	261,926	5,481,305	4,648,290
Gross profit	2,440,505	1,904,757	118,480	108,772	2,558,985	2,013,529
Reportable segment profit/(loss)	1,471,356	1,054,449	(106,945)	(102,844)	1,364,411	951,605
Depreciation and amortisation	18,490	106,199	13,342	1,568	31,832	107,767
Reversal of provision for expected credit loss, net						
- Contract assets	(2,912)	-	-	-	(2,912)	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment profit or loss

	Three months ended 31 August	
	2023 (Unaudited) S\$	2022 (Unaudited) S\$
Reportable segment profit	1,364,411	951,605
Other revenue	74,719	123,949
Other gains and (losses)	(5,297)	9,047
Finance costs	(20,921)	(18,730)
Unallocated expenses:		
- Staff costs	(925,934)	(960,461)
- Rental expense	(1,231)	(1,231)
- Legal and professional fee	(42,993)	(29,453)
- Depreciation	(55,862)	(29,676)
- Depreciation of right-of-use assets	(276,067)	(241,593)
- Others (Note 1)	(448,035)	(192,199)
Consolidated loss before income tax	(337,210)	(388,742)

Note 1: Anacle held an event - *Breaking Boundaries 2023: PropTech* - in July 2023 to showcase Anacle's Simplicity® major technological advances for real estate and facility management. The event's cost amounted to S\$249,393 was included in other unallocated expenses.

c) Disaggregation of revenue

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

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$
Timing of revenue recognition						
Transferred over time						
- Project revenue	2,452,425	2,532,140	166,796	194,205	2,619,221	2,726,345
- Maintenance services	1,759,316	1,352,792	41,270	51,111	1,800,586	1,403,903
- Subscription	989,072	501,432	10,959	-	1,000,031	501,432
Recognised at a point of time						
- Sale of equipment	-	-	10,910	3,650	10,910	3,650
Other sources						
- Lease of equipment	-	-	50,557	12,960	50,557	12,960
	5,200,813	4,386,364	280,492	261,926	5,481,305	4,648,290

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT REPORTING (Continued)

c) Disaggregation of revenue (Continued)

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$
Primary geographical market						
Singapore	4,821,608	3,786,374	279,574	261,281	5,101,182	4,047,655
Thailand	338,444	332,209	-	-	338,444	332,209
Malaysia	3,498	3,654	-	-	3,498	3,654
PRC	5,547	12,428	-	-	5,547	12,428
Others	31,716	251,699	918	645	32,634	252,344
	5,200,813	4,386,364	280,492	261,926	5,481,305	4,648,290

5. OTHER REVENUE

	Three months ended 31 August	
	2023	2022
	(unaudited) S\$	(unaudited) S\$
Government grants	12,532	141,562
Interest income	61,959	16,080
Others	228	1,129
	74,719	158,771

6. OTHER GAINS AND (LOSSES)

	Three months ended 31 August	
	2023	2022
	(unaudited) S\$	(unaudited) S\$
Net exchange (losses)/gains	(5,297)	9,047
Reversal of provision for expected credit loss, net - Contract assets	2,912	-
	(2,385)	9,047

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOSS BEFORE INCOME TAX

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

	Three months ended 31 August	
	2023 (unaudited) S\$	2022 (unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	3,564,317	3,139,762
Contributions on defined contribution retirement plans	299,164	278,039
	3,863,481	3,417,801
Depreciation of property, plant and equipment	78,304	40,061
Depreciation of right-of-use assets	276,067	241,593
Amortisation of intangible assets	9,390	103,428
Reversal of provision for expected credit loss, net	(2,912)	-

8. FINANCE COSTS

	Three months ended 31 August	
	2023 (unaudited) S\$	2022 (unaudited) S\$
Interest on lease liabilities	20,921	18,730

9. INCOME TAX CREDIT

	Three months ended 31 August	
	2023 (unaudited) S\$	2022 (unaudited) S\$
Current tax credit – overseas		
- overprovision for prior year	10,707	3,011

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia, India, PRC, and Australia, the corporate taxes of the Company, Anacle Systems Sdn. Bhd., Anacle Systems (India) Private Limited, Anacle Systems (Shanghai) Co., Ltd., and Anacle Systems Pty Ltd are calculated at 17%, 17%, 29%, 25%, and 25% respectively for the three months ended 31 August 2023 and 2022, on the chargeable income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2023 (31 August 2022: S\$ Nil).

11. LOSS PER SHARE

For the three months ended 31 August 2023, the basic loss per share of the Company was 0.08 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S\$326,388 and 405,279,683 Ordinary Shares in issue. The diluted loss per share of the Company was 0.08 Singapore cents. The calculation is based on the loss attributable to the owners of the Company of S\$326,388 and 405,370,923 weighted average number of Ordinary Shares in issue.

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.

12. SHARE CAPITAL

	Number of shares	Share capital S\$
Issued and fully paid:		
At 1 June 2023 (audited) and 31 August 2023 (unaudited)	405,279,683	20,988,202

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. Recurring revenue comprises continual systems enhancements, 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	
	2023 (unaudited) S\$	2022 (unaudited) S\$
Simplicity® system implementation revenue	1,127,658	1,332,355
Simplicity® recurring revenue	4,073,155	3,054,009
Total Simplicity® revenue	5,200,813	4,386,364

▲18.6%

TOTAL SIMPLICITY® REVENUE

Total Simplicity® revenue increased by 18.6% or S\$814,449 for this Reporting Period; this was due primarily to a S\$1,421,432 increase in revenue from Simplicity® Real Estate segment, and was partially offset by a S\$606,983 decrease in revenue of Simplicity® Digital Workplace and Utilities segments.

▼15.4%

SYSTEM IMPLEMENTATION

System implementation revenue has dropped by 15.4% while recurring revenue increased by 33.4% due primarily to continual system enhancements for customers and accelerated move to a Software-as-a-Service business model.

▲33.4%

RECURRING

STARLIGHT® BUSINESS SEGMENT

	Three months ended 31 August	
	2023 (unaudited) S\$	2022 (unaudited) S\$
Starlight® system implementation revenue	-	-
Starlight® recurring revenue	229,935	248,966
Starlight® hardware leasing revenue	50,557	12,960
Total Starlight® revenue	280,492	261,926

▲7.1%

TOTAL STARLIGHT® REVENUE

In October 2022 and December 2022, Starlight® secured six five-year-term contracts for cloud-based management system and another contract in June 2023. We completed the implementation of Starlight®'s metering infrastructure for four of the seven buildings. We expect to see a further improvement in Starlight® leasing revenue in the coming months.

▼7.6%

RECURRING

▲290.1%

HARDWARE LEASING

MANAGEMENT DISCUSSION AND ANALYSIS

Future Prospect and Outlook

In the short term, Simplicity® business segment will be the main source of revenue for the Group, driven by system enhancements for existing customers and the increasing demand for Software-as-a-Service (SaaS) delivery of Simplicity®. We anticipate a decrease in Simplicity® system implementation revenue from new IT projects in the commercial and public sectors due to the general economic slowdown and the Singapore government's fiscal tightening measures, but the accelerating shift of the Group's business model to SaaS will increase quality recurring revenue for the coming year.

Our Starlight® business segment has moved into steady state; although no new projects have been acquired in the current Reporting Period, Starlight® continues to be sustained by quality recurring and hardware leasing revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

Total revenue increased by 17.9% or S\$833,015 from S\$4,648,290 for the first quarter last year to S\$5,481,305 for the First Quarter 2024. Revenue from Simplicity® increased by 18.6% or S\$814,449 from S\$4,386,364 to S\$5,200,813. Revenue from Starlight® increased by 7.1% or S\$18,566 from S\$261,926 to S\$280,492.

Simplicity® revenue was more evenly distributed among our customer base, with no single customer contributing more than 20% to the total revenue. For the First Quarter 2024, Simplicity® had two customers that individually represented more than 10% of the Group's total revenue, which accounted for 19.4% and 10.6%. The same two customers accounted for 14.3% and 13.2% of the Group's total revenue for the first quarter last year.

Although Simplicity® system implementation revenue experienced a decline of 15.4% or S\$204,697, recurring revenue from system enhancements, SaaS cloud subscriptions, utilities billing, and support services grew by 33.4% or S\$814,449.

Starlight® revenue recorded a growth of 7.1% in this Reporting Period, with the entirety of the revenue coming from recurring revenue from enhancements, hardware leasing, and maintenance services.

Further insights on the performance of each business segment can be found in the detailed analysis presented in the preceding Business Review section.

COST OF SALES

Total cost of sales increased by 10.9%, or S\$287,559. Simplicity® cost of sales increased by 11.2% or S\$278,701 from S\$2,481,607 for the first quarter last year to S\$2,760,308 for the First Quarter 2024. Manpower cost was the major component of Simplicity® cost of sales, contributing to S\$286,368 increase from S\$1,640,488 in the first quarter last year to S\$1,926,856 for the First Quarter 2024, followed by an increase of S\$191,753 in third party professional services and licences from S\$273,240 to S\$464,993. Amortisation of Simplicity® intangible assets decreased by S\$94,038 from S\$103,428 to S\$9,390 because one of the two remaining intangible assets of Simplicity® - myBill.sg utility billing management platform - has completed its five years useful life in May 2023. .

Corresponding to the increase in revenue, Starlight® cost of sales increased by 5.8% which were due primarily to manpower cost and depreciation of hardware under leasing.

GROSS PROFIT

The Group's overall gross profit increased by S\$545,456 or 27.1% for the First Quarter 2024. Simplicity®'s gross profit margin was 46.9% for the First Quarter 2024 compared to 43.4% for the first quarter last year. The gross profit increased due to gradual pricing adjustment to our post system implementation support and services.

Starlight®'s gross profit margin held steady at 42.2% compared to 41.5% for the first quarter last year as the business segment stabilized.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

MARKETING AND OTHER OPERATING EXPENSES

Sales, marketing and distribution expenses are driven primarily by the business development activities, marketing-and-advertising-related activities, IT infrastructure costs, and costs for logistics and distributions of Starlight®. Sales, marketing and distribution expenses as a percentage of revenue were 15.6% for the First Quarter 2024 compared with 13.6% for the first quarter last year due to our technology event in July 2023 and our market expansion to Australia.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of salaries and benefits, office-related expenses, depreciation, and public company expenses. As a percentage of revenue, administrative expenses decreased from 28.4% for the first quarter last year to 26.5% for the First Quarter 2024, even after taking into account inflation-adjustment increase in salaries and directors' fees.

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 progressively 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. As a percentage of revenue, research and development costs decreased from 12.9% for the first quarter last year to 11.6% for the First Quarter 2024.

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\$337,210 for the First Quarter 2024 as compared to S\$388,742 net loss before tax for the first quarter last year.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 August 2023, 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	11.24%
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	22,750,000	5.61%
Prof. Wong Poh Kam ("Prof. Wong")	Beneficial interest	22,993,900	22,993,900	5.67%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 405,279,683 as at 31 August 2023, 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 2023, 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 2023, 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	-	11.24%
Lim Lay Hong ⁽²⁾	Interest of spouse	22,750,000	-	5.61%
Majuven Fund 1 Ltd. ⁽³⁾	Beneficial interest	36,528,219	-	9.01%
OWW Investments III Limited ⁽⁴⁾	Beneficial interest	20,873,307	-	5.15%
M1 TeliNet Pte. Ltd. ⁽⁵⁾	Beneficial interest	20,259,000	-	5.00%
M1 Limited ⁽⁵⁾	Interest of a controlled corporation	20,259,000	-	5.00%
Konnectivity Pte. Ltd. ⁽⁵⁾	Interest of a controlled corporation	20,259,000	-	5.00%
Keppel Konnect Pte. Ltd. ⁽⁵⁾	Interest of a controlled corporation	20,259,000	-	5.00%
Keppel Corporation Limited ⁽⁵⁾	Interest of a controlled corporation	36,723,000	-	9.06%

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 Jinhua, Zang Yi, Yu Hai, Pang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.
- (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 2023 (i.e. 405,279,683 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 2023, 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.

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 (after taking into account the automatic adjustment due to the subdivision 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 2023, 1,696,445 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 2023.

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 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the three months ended 31 August 2023 (31 August 2022: S\$Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

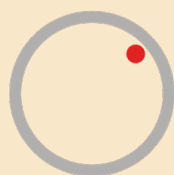
AUDIT COMMITTEE

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 2024 First Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

On behalf of the Board
Anacle Systems Limited
Lau E Choon Alex

Executive Director and Chief Executive Officer

Singapore, 4 October 2023



anacle

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