

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



Anacle Systems Limited

*

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 NOVEMBER 2022

The board of directors (the "Directors") of Anacle Systems Limited (the "Company") is pleased to announce the unaudited interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 November 2022. This announcement, containing the full text of the 2023 interim results announcement of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM in relation to information to accompany the preliminary announcement of 2023 interim results. The printed version of the Company's 2023 interim 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 14 January 2023.

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

Singapore, 4 January 2023

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

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

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

* for identification purpose only

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

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

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

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

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

Table of contents

Page 04	Definitions
Page 06	Corporate Information
Page 07	Financial Highlights
Page 08	Condensed Consolidated Statement of Comprehensive Income
Page 09	Condensed Consolidated Statement of Financial Position
Page 10	Condensed Consolidated Statement of Changes in Equity
Page 11	Condensed Consolidated Statement of Cash Flows
Page 12	Notes To The Condensed Consolidated Financial Statements
Page 34	Business Review
Page 37	Future Prospect and Outlook
Page 38	Financial Review
Page 40	Corporate Governance and Other Information

DEFINITIONS

"Audit Committee"	the audit committee under the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
"commercialisation"	a product is considered commercially launched once our product generates its first dollar of revenue
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
"Company"	Anacle Systems Limited (26K%, 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 results announcement, 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 six months ended 30 November 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 results announcement, the terms "associate", "close associate", "connected person", "core connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the respective meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau E Choon Alex (*Chief Executive Officer*)

Mr. Ong Swee Heng (*Chief Operating Officer*)

Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)

Prof. Wong Poh Kam

Dr. Chong Yoke Sin

Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Chua Leong Chuan Jeffrey

Mr. Mok Wai Seng

BOARD COMMITTEES

Audit Committee

Mr. Mok Wai Seng (*Chairman*)

Dr. Chong Yoke Sin

Mr. Chua Leong Chuan Jeffrey

Remuneration Committee

Mr. Alwi Bin Abdul Hafiz (*Chairman*)

Prof. Wong Poh Kam

Mr. Mok Wai Seng

Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Mr. Chua Leong Chuan Jeffrey

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Ms. Yue Sau Lan, 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

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

	Six months ended 30 November	
	2022 (unaudited) S\$	2021 (unaudited) S\$
Revenue	7,839,095	11,087,720
Gross profit	2,549,591	5,123,522
(Loss)/profit before tax	(2,595,997)	1,948,664

29.3%

REVENUE DECREASE

A slowing in the public sector's technology spending due to post-Covid-19 fiscal tightening by the Singapore government contributed to a decrease in the revenue of our Simplicity[®] business segment. A recovery in the number of subscriptions for our utility billing business and an increase in the demand for our Starlight[®] energy-saving technology have partially offset the decrease in revenue from our Simplicity[®] business segment.

50.2%

GROSS PROFIT DECREASE

Challenges in employee retention have driven up manpower and outsourcing costs. Simplicity[®] gross profit decreased from 46.8% to 31.4%. In comparison, Starlight[®]'s gross profit increased from 31.9% to 47.5% 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 sale.

S\$2,595,997

LOSS BEFORE TAX

The loss before tax was mainly 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 six months ended 30 November 2022 (30 November 2021: S\$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 November		Six months ended 30 November	
		2022 (unaudited) S\$	2021 (unaudited) S\$	2022 (unaudited) S\$	2021 (unaudited) S\$
Revenue	3c	3,190,805	6,540,116	7,839,095	11,087,720
Cost of sales		(2,654,743)	(3,506,536)	(5,289,504)	(5,964,198)
Gross profit		536,062	3,033,580	2,549,591	5,123,522
Other revenue	4	171,685	35,025	330,456	68,533
Other gains and (losses)	5	(7,996)	3,417	1,051	11,655
Marketing and other operating expenses		(700,681)	(313,648)	(1,332,852)	(667,799)
Administrative expenses		(1,445,333)	(1,032,071)	(2,763,249)	(1,991,893)
Research and development costs		(742,244)	(310,639)	(1,343,516)	(562,444)
Finance costs	6	(18,748)	(15,883)	(37,478)	(32,910)
(Loss)/profit before income tax	7	(2,207,255)	1,399,781	(2,595,997)	1,948,664
Income tax expense	8	(3,162)	-	(151)	-
(Loss)/profit for the period		(2,210,417)	1,399,781	(2,596,148)	1,948,664
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		(19,872)	503	(20,802)	(909)
Total comprehensive income for the period		(2,230,289)	1,400,284	(2,616,950)	1,947,755
(Loss)/profit for the period attributable to:					
Owners of the Company		(2,210,297)	1,400,050	(2,595,755)	1,949,053
Non-controlling interests		(120)	(269)	(393)	(389)
		(2,210,417)	1,399,781	(2,596,148)	1,948,664
Total comprehensive income for the period attributable to:					
Owners of the Company		(2,230,169)	1,400,553	(2,616,557)	1,948,144
Non-controlling interests		(120)	(269)	(393)	(389)
		(2,230,289)	1,400,284	(2,616,950)	1,947,755
(Loss)/earnings per share attributable to owners of the Company					
- Basic	10	(0.54)	0.34	(0.64)	0.48
- Diluted	10	(0.54)	0.35	(0.64)	0.48

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Non-current assets			
Property, plant and equipment	11	605,279	594,134
Right-of-use assets	12	3,213,158	3,612,984
Intangible assets	13	228,765	435,621
Other receivables	24	1,493,943	-
Deferred tax assets		178,000	178,000
Total non-current assets		5,719,145	4,820,739
Current assets			
Trade receivables	14	3,861,979	3,880,640
Contract assets	15	88,169	482,280
Other receivables, deposits and prepayments	16	476,860	474,880
Inventories	17	884,346	819,170
Bank balances and cash		9,328,180	15,770,924
Total current assets		14,639,534	21,427,894
Current liabilities			
Trade payables	18	1,013,670	2,285,399
Contract liabilities	19	870,810	1,880,208
Other payables and accruals	20	1,250,973	1,845,447
Amount due to a director		9,704	10,275
Provision for warranty	21	3,900	3,900
Lease liabilities	23	639,257	823,220
Income tax payable		11,617	13,814
Total current liabilities		3,799,931	6,862,263
Net current assets		10,839,603	14,565,631
Total assets less current liabilities		16,558,748	19,386,370
Non-current liabilities			
Provision for reinstatement cost		60,000	60,000
Deferred tax liabilities		524	550
Lease liabilities	23	2,676,899	2,887,545
Total non-current liabilities		2,737,423	2,948,095
NET ASSETS		13,821,325	16,438,275
Capital and reserves			
Share capital	25	20,874,677	20,874,677
Reserves		(7,000,408)	(4,383,851)
Equity attributable to owners of the Company		13,874,269	16,490,826
Non-controlling interests		(52,944)	(52,551)
TOTAL EQUITY		13,821,325	16,438,275

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

10

Anacle Systems 2023 Interim Results Announcement

	Attributable to owners of the Company							
	Ordinary share capital S\$	Share capital pending allotment S\$	Share premium S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	Accumulated losses S\$	Non-controlling interests S\$	Total S\$
At 31 May 2022 (audited)	20,874,677	-	(1,376,024)	322,930	43,089	(3,373,846)	(52,551)	16,438,275
Loss for the period	-	-	-	-	-	(2,595,755)	(393)	(2,596,148)
Other comprehensive income	-	-	-	-	(20,802)	-	-	(20,802)
Total comprehensive income	-	-	-	-	(20,802)	(2,595,755)	(393)	(2,616,950)
As at 30 November 2022 (unaudited)	20,874,677	-	(1,376,024)	322,930	22,287	(5,969,601)	(52,944)	13,821,325
At 31 May 2021 (audited)	20,645,177	229,500	(1,376,024)	322,930	50,767	(5,743,642)	(50,664)	14,078,044
Profit/(loss) for the period	-	-	-	-	-	1,949,053	(389)	1,948,664
Other comprehensive income	-	-	-	-	(909)	-	-	(909)
Total comprehensive income	-	-	-	-	(909)	1,949,053	(389)	1,947,755
Issuance of ordinary shares	229,500	(229,500)	-	-	-	-	-	-
As at 30 November 2021 (unaudited)	20,874,677	-	(1,376,024)	322,930	49,858	(3,794,589)	(51,053)	16,025,799

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 November	
	2022 (unaudited) S\$	2021 (unaudited) S\$
Net cash generated from operating activities	(5,919,615)	3,962,363
Net cash used in investing activities	(61,765)	(17,294)
Net cash (used in)/generated from financing activities	(450,669)	(447,347)
Net increase in cash and cash equivalents	(6,432,049)	3,497,722
Cash and cash equivalents at beginning of period	15,770,924	8,176,761
Effect of foreign exchange rate changes	(10,695)	1,479
Cash and cash equivalents at end of period	9,328,180	11,675,962
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	9,328,180	11,675,962

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a "public company limited by shares" under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company's registered office and principal place of business is 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633.

The principal activities of the Group are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services.

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the six months ended 30 November 2022 (the "2023 Interim Financial Statements") were approved for issue by the Board on 4 January 2023.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The 2023 Interim 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 Interim 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 Interim 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 interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights to, variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases

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 either a straight-line basis or another systematic basis over the remaining lease term.

(d) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component using the practical expedient in IFRS 15.

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

The Group generates revenue from projects of provision of enterprise application software solutions and energy management solutions. The transaction price for the services are charged at a fixed contracted price. Invoices are issued according to contractual terms and are usually payable within 90 days.

Revenue for projects are recognised by reference to the stage of completion when this can be measured reliably. The stage of completion is determined by reference to the work done at the end of reporting period as a percentage of total estimated work. Foreseeable losses from contracts are fully provided for when they are identified. The revenue is recognised over time as the Group's activities create or enhance an asset under the customer's control.

Contract balances relating to system integration contracts in progress were presented in the statement of financial position under "contract assets" or "contract liabilities" respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (Continued)

Revenue from rendering of services including maintenance

Revenues are recognised over time as the benefits are received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognises revenue in the amount to which the entity has the right to invoice, which is representative to the value being delivered. Invoices for maintenance services are issued on a monthly basis and are usually payable within 30 days. No significant financial component existed.

Revenue from sales of hardware

Sales of hardware are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. Invoices are issued when the customer takes possession of and accepts the products and are usually payable within 30 days from the date of billing. No significant financial component existed. The transaction price is determined based on a stand-alone selling price specified in the contracts for sales of hardware.

Subscription income

Revenues are recognised over time as the benefits are received and consumed simultaneously by the customer. The services are charged at a fixed rate with no significant variable consideration. The Group recognises revenue in the amount to which the entity has the right to invoice, which is representative to the value being delivered.

Rental income

Rental income from leasing of hardware is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(e) Contract assets and contract liabilities

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

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

Contract costs

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

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

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

(f) Foreign currencies

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currencies (Continued)

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

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

(g) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

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

(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 strategies.

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 that provide real-time access to the energy profiles of buildings, including information such as energy consumption, power quality, demand analytics and carbon footprint profiles.

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

(a) Business segments

	Simplicity		Starlight		Total	
	Six months ended 30 November					
	2022 (unaudited) S\$	2021 (unaudited) S\$	2022 (unaudited) S\$	2021 (unaudited) S\$	2022 (unaudited) S\$	2021 (unaudited) S\$
Revenue from external customers	7,311,910	10,653,617	527,185	434,103	7,839,095	11,087,720
Gross profit	2,299,219	4,984,915	250,372	138,607	2,549,591	5,123,522
Depreciation and amortisation	225,067	218,948	3,095	6,100	228,162	225,048
Reportable segment profit/(loss)	428,824	4,386,576	(160,289)	(405,963)	268,535	3,980,613
	As at					
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Reportable segment assets	3,907,253	4,760,930	1,422,065	1,180,989	5,329,318	5,941,919
Additions to non-current assets	22,500	19,247	33,088	5,200	55,588	24,447
Reportable segment liabilities	1,766,299	4,275,736	276,041	224,509	2,042,340	4,500,245

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment revenue, profit, assets and liabilities

	Three months ended 30 November		Six months ended 30 November	
	2022	2021	2022	2021
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Profit/(loss) before income tax				
Reportable segment profit	(683,070)	2,429,736	268,535	3,980,613
Other revenue	91,743	35,025	215,692	68,358
Other gains and (losses)	(7,996)	2,447	1,051	5,778
Finance costs	(18,748)	(15,883)	(37,478)	(32,910)
Unallocated expenses:				
- Staff costs	(1,089,461)	(754,724)	(2,049,922)	(1,241,110)
- Rental expenses	(1,230)	(1,230)	(2,461)	(2,461)
- Legal and professional fee	(65,834)	(25,811)	(95,287)	(79,247)
- Depreciation	(30,784)	(33,099)	(60,460)	(67,156)
- Depreciation of rights-of-use assets	(178,757)	(208,604)	(420,350)	(417,208)
- Others	(223,118)	(28,076)	(415,317)	(265,993)
Consolidated profit/(loss) before income tax	(2,207,255)	1,399,781	(2,595,997)	1,948,664

	As at	
	30 November 2022	31 May 2022
	(unaudited) S\$	(audited) S\$
Assets		
Reportable segment assets	5,329,318	5,941,919
Bank balances and cash	9,328,180	15,770,924
Right-of-use assets	3,213,158	3,612,984
Property, plant and equipment	468,568	495,622
Unallocated corporate assets	2,019,455	427,184
Consolidated total assets	20,358,679	26,248,633

	As at	
	30 November 2022	31 May 2022
	(unaudited) S\$	(audited) S\$
Liabilities		
Reportable segment liabilities	2,042,340	4,500,245
Other payables and accruals	1,106,717	1,524,984
Lease liabilities	3,316,156	3,710,765
Unallocated corporate liabilities	72,141	74,364
Consolidated total liabilities	6,537,354	9,810,358

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

(c) Disaggregation of revenue

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

	Simplicity		Starlight		Total	
	Six months ended 30 November					
	2022	2021	2022	2021	2022	2021
	S\$	S\$	S\$	S\$	S\$	S\$
Timing of revenue recognition						
Transferred over time						
- Project revenue	3,459,405	7,423,986	386,367	226,576	3,845,772	7,650,562
- Maintenance services	2,684,967	2,115,934	95,308	89,820	2,780,275	2,205,754
- Subscription	1,167,538	986,047	-	-	1,167,538	986,047
Recognised at a point of time						
- Sale of equipment	-	127,650	19,620	87,782	19,620	215,432
Other sources						
- Lease of equipment	-	-	25,890	29,925	25,890	29,925
	7,311,910	10,653,617	527,185	434,103	7,839,095	11,087,720
Primary geographical market						
Singapore	6,372,906	8,120,931	526,345	394,320	6,899,251	8,515,251
Thailand	657,630	2,173,329	-	-	657,630	2,173,329
Malaysia	7,318	8,345	-	36,578	7,318	44,923
PRC	18,126	109,957	-	-	18,126	109,957
Others	255,930	241,055	840	3,205	256,770	244,260
	7,311,910	10,653,617	527,185	434,103	7,839,095	11,087,720

The following table provides an analysis of the Group's non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets")

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Specified non-current assets		
Singapore	5,235,966	4,328,635
India	305,179	314,104
	5,541,145	4,642,739

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

(d) Information about major customers

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

	Six months ended 30 November	
	2022 (unaudited) S\$	2021 (unaudited) S\$
Customer A	1,072,908	2,851,615
Customer B	973,068	2,133,919
Customer C	-	1,422,087

4. OTHER REVENUE

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Government grants	149,853	34,945	291,415	67,877
Interest income	17,762	31	33,842	43
Others	4,070	49	5,199	613
	171,685	35,025	330,456	68,533

5. OTHER GAINS AND (LOSSES)

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Net exchange gains/(losses)	(7,996)	2,447	1,051	5,778
Reversal of provision for obsolete inventories	-	17	-	4,924
Reversal of provision for expected credit loss	-	953	-	953
	(7,996)	3,417	1,051	11,655

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Interest on lease liabilities	(18,748)	(15,883)	(37,478)	(32,910)
Interest on bank borrowings	-	-	-	-
	(18,748)	(15,883)	(37,478)	(32,910)

7. PROFIT BEFORE INCOME TAX

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

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	3,510,154	2,633,714	6,649,916	5,032,427
Contributions on defined contribution retirement plans	312,448	248,053	590,487	463,501
	3,822,602	2,881,767	7,240,403	5,495,928
Depreciation of property, plant and equipment	41,705	45,570	81,766	91,491
Depreciation of right-of-use assets	178,757	208,604	420,350	417,208
Amortisation of intangible assets	103,428	103,428	206,856	206,856
Finance costs	18,748	15,883	37,478	32,910

8. INCOME TAX EXPENSE

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Current tax	(3,162)	-	151	-
Deferred tax	-	-	-	-
	(3,162)	-	151	-

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, and the two wholly-owned subsidiaries namely, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited, are calculated at 17%, 17% and 29% on the chargeable income for the six months ended 30 November 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. DIVIDEND

The Board has not declared the payment of a dividend for the six months ended 30 November 2022 (30 November 2021 : S\$Nil).

10. (LOSS)/EARNINGS PER SHARE

For the six months ended 30 November 2022, the basic loss per share of the Company was S\$0.64 cents. The calculation is based on the loss attributable to the owners of the Company of S\$2,595,755 and 402,900,738 Ordinary Shares in issue. Diluted earnings per share of the Company was S\$0.64 cents which was based on the loss attributable to the owners of the Company of S\$2,595,755 and 403,668,371 weighted average number of Ordinary Shares in issue.

For the six months ended 30 November 2021, the basic earnings per share of the Company was S\$0.48 cents. The calculation is based on the profit attributable to the owners of the Company of S\$ 1,949,053 and 402,900,738 Ordinary Shares in issue. Diluted earnings per share of the Company was S\$0.48 cents which was based on the profit attributable to the owners of the Company of S\$1,949,053 and 406,976,128 weighted average number of Ordinary Shares in issue.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment valued at S\$95,607 (for the six months ended 30 November 2021: S\$17,337).

12. LEASES

(a) Leases as lessee

The Group leases office properties. The leases typically run for a period of one to six years. Lease payments are renegotiated every one to six years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
As at beginning of period	3,612,984	4,182,255
Addition	96,058	265,428
Lease termination	(64,808)	-
Depreciation charge for the period	(420,350)	(833,998)
Exchange alignment	(10,726)	(701)
As at end of period	3,213,158	3,612,984

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. LEASES (Continued)

(a) Leases as lessee

(ii) Amounts recognised in profit or loss

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Interest on lease liabilities	18,748	15,883	37,478	32,910
Expenses relating to short-term leases and leases of low-value assets	1,230	1,230	2,461	2,461
	19,978	17,113	39,939	35,371

(b) Leases as lessor

The Group leases out its Starlight meters. All leases are classified as operating leases from a lessor perspective. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during the Reporting Period was S\$25,890 (30 November 2021: S\$29,925).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Within one year	26,610	53,220

13. INTANGIBLE ASSETS

During the Reporting Period, the Group did not incur any additional development cost in respect of the intangible assets (for the six months ended 30 November 2021: S\$Nil).

14. TRADE RECEIVABLES

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Trade receivables	3,953,580	3,973,391
Less: provision for expected credit loss	(91,601)	(92,751)
	3,861,979	3,880,640

The credit period of the Group's trade receivables ranges from 30 days to 60 days.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables (net of impairment losses) at the end of the Reporting Period, based on the invoice date, is as follows:

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Within 1 month	3,173,169	2,740,908
2 to 3 months	542,132	1,064,885
4 to 6 months	146,678	74,847
7 to 12 months	-	-
	3,861,979	3,880,640

Trade receivables that were neither past due nor impaired primarily relate to the Group's main customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

At the end of the Reporting Period, the Group's trade receivables are individually determined for impairment testing. The impairment losses recognised on trade receivables are expensed immediately for the amount by which the trade receivables' carrying amounts exceeds their recoverable amounts.

15. CONTRACT ASSETS

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Unbilled revenue from contracts in progress	90,106	484,217
Less: provision for expected credit loss	(1,937)	(1,937)
	88,169	482,280

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Deposits	185,891	169,484
Prepayments	257,989	234,811
Other receivables	32,980	70,585
	476,860	474,880

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

28

Anacle Systems 2023 Interim Results Announcement

17. INVENTORIES

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Raw materials	332,896	462,368
Finished goods	551,450	356,802
	884,346	819,170

18. TRADE PAYABLES

The Group's trade payables are non-interest bearing. Generally, the credit term received from suppliers of the Group is 30 days.

The ageing analysis of trade payables, based on invoice date, as at the end of the Reporting Period is as follows:

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Within 1 month	446,786	853,047
1 to 2 months	6,478	10,309
2 to 3 months	-	3,521
4 to 6 months	-	1,157,121
7 to 12 months	523,637	7,253
Over 12 months	36,769	254,148
	1,013,670	2,285,399

19. CONTRACT LIABILITIES

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Contract liabilities arising from:		
Construction projects of Simplicity and Starlight	61,715	297,076
Advance income received for maintenance services	809,095	1,583,132
	870,810	1,880,208

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER PAYABLES AND ACCRUALS

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Accruals	246,633	981,103
Other payables	903,876	718,289
Goods and Services Tax payables	100,464	139,021
Provision of onerous contract	-	7,034
	1,250,973	1,845,447

Note: Goods and Services Tax is a broad-based consumption tax levied on the import of goods as well as nearly all supplies of goods and services in Singapore.

21. PROVISION FOR WARRANTY

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Balance as at the beginning of period	3,900	7,200
(Reversal)/addition during the period	-	(3,300)
	3,900	3,900

The provision for warranty represents the amount recognised for the expected replacement of inventories for completed projects.

22. BANK FACILITIES

As at 30 November 2022 and 31 May 2022, bank facilities in total of S\$1,000,000 were granted to the Company by DBS Limited, which has not been utilised by the Company as at 30 November 2022 and 31 May 2022. The Company also has bank facilities from the Hong Kong and Shanghai Banking Corporation amounted to S\$2,000,000, which has not been utilised as at 30 November 2022 and 31 May 2022.

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the Company's financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Company was to breach the covenants the drawn down facilities would become repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. LEASE LIABILITIES

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Current liabilities		
Lease liabilities - current portion	639,257	823,220
Non-current liabilities		
Lease liabilities - non-current portion	2,676,899	2,887,545

Lease liabilities

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Properties		
Balance as at the beginning of period	3,710,765	4,279,387
Addition	96,058	265,427
Lease termination	(66,435)	-
Interest expense	37,478	60,938
Lease payments	(450,669)	(894,212)
Exchange alignment	(11,041)	(775)
	3,316,156	3,710,765

Future lease liabilities are payable as follows:

	Minimum lease payments S\$	Interest S\$	Present value S\$
At 30 November 2022			
Not later than one year	671,978	32,721	639,257
Later than one year and not later than five years	2,776,314	99,415	2,676,899
	3,448,292	132,136	3,316,156
At 31 May 2022			
Not later than one year	891,659	68,439	823,220
Later than one year and not later than five years	2,988,015	100,470	2,887,545
	3,879,674	168,909	3,710,765

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. LEASE LIABILITIES (Continued)

The present value of future lease payments are analysed as:

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Current liabilities	639,257	823,220
Non-current liabilities	2,676,899	2,887,545
	3,316,156	3,710,765

24. OTHER RECEIVABLES

The company has granted housing loan to three members of key management personnel and an employee at a market annual interest rate of 1.366% to 2.20%. The housing loan is repayable monthly over a term of 2 years to 20 years. The interest income recognised during the period was S\$5,696. The housing loan outstanding principal and interest are repayable on demand upon cessation of employment.

25. SHARE CAPITAL

	Number of Shares	Share Capital S\$
Issued and fully paid:		
At 31 May 2022 (audited)	402,900,738	20,874,677
Issuance of ordinary shares	-	-
As at 30 November 2022 (unaudited)	402,900,738	20,874,677

26. SHARE BASED PAYMENTS

The Board of Directors of the Company approved and adopted a share option plan (the "2010 Plan") on 10 March 2010 and another share option plan (the "2013 Plan") on 18 December 2013 for the purpose of 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, or increase their proprietary interest, in the Company and thereby encourage them to remain in the service of the Company.

Eligible individuals of both 2010 Plan and 2013 Plan include directors, officers, employees of the Company and its subsidiaries, and independent consultants, advisors and independent contractors who provide valuable services to the Company and its subsidiaries.

No options granted under the 2010 Plan and 2013 Plan shall have a term in excess of 10 years from the grant date. The maximum number of shares that may be granted over the term of the 2010 Plan and 2013 Plan shall not exceed 10% of the issued share capital of the Company, unless otherwise approved by the Board of Directors.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

26. SHARE BASED PAYMENTS (Continued)

(a) The 2010 Plan

The terms and conditions of the grants and movements in the number of share options under the 2010 Plan during the Reporting Period were as follows:

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the period	Exercise price S\$
		At the beginning of the period	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period		
Employees	1-May-15	682,500	-	-	-	-	682,500	0.009
	1-Jun-16	227,500	-	-	-	-	227,500	0.009
Total		910,000	-	-	-	-	910,000	

(b) The 2013 Plan

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the period	Exercise price S\$
		At the beginning of the period	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period		
Employees	1-Jun-16	3,165,390	-	-	-	-	3,165,390	0.067

The options are exercisable once the vesting conditions are met. If the options are vested when the Company is privately held, the options shall expire on earlier of 10 years from vesting date or 3 years from the Listing date. If the options are vested when the Company is a public company, the options shall expire on 3 years from vesting date.

(c) The movement of number of outstanding share options and weighted average exercise prices of the share options during the Reporting Period are as follows:

	30 November 2022 (unaudited)		31 May 2022 (audited)	
	Weighted average exercise price S\$	Number	Weighted average exercise price S\$	Number
Outstanding at the beginning and at the end of period	0.054	4,075,390	0.054	4,075,390

As at end of the Reporting Period 4,075,390 number of outstanding options had vested and were exercisable.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the Reporting Period:

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Provision of manpower charges from an associate, EASI Technology Co., Ltd.	85,223	92,855	175,610	92,855

- (b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the Reporting Period were as follows:

	Three months ended 30 November		Six months ended 30 November	
	2022 (Unaudited) S\$	2021 (Unaudited) S\$	2022 (Unaudited) S\$	2021 (Unaudited) S\$
Salaries, allowances and benefits in kind	372,150	319,800	688,050	609,600
Contributions on defined contribution retirement plans	20,783	19,380	39,143	37,740
	392,933	339,180	727,193	647,340

28. CAPITAL COMMITMENTS

	As at	
	30 November 2022 (unaudited) S\$	31 May 2022 (audited) S\$
Commitments for the acquisition of: Investment in an associate	183,960	187,800

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

Six months ended 30 November 2022 S\$		Six months ended 30 November 2021 S\$
7,311,910	Total Simplicity® Revenue	10,653,617
3,459,405	Project Revenue	7,423,986
2,684,967	Maintenance Services	2,115,934
1,167,538	Subscription	986,047
-	Sale of Equipment	127,650

31.4% (30 November 2021: 10.9%)
TOTAL SIMPLICITY® REVENUE

The public sector's information technology spending has slowed down 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.

53.4% (30 November 2021: 7.9%)
PROJECT REVENUE

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 26.9% increase.

26.9% (30 November 2021: 17.7%)
MAINTENANCE SERVICES

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 18.4% in this Reporting Period.

18.4% (30 November 2021: 16.0%)
SUBSCRIPTION REVENUE

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

Six months ended 30 November 2022 S\$		Six months ended 30 November 2021 S\$
527,185	Total Starlight® Revenue	434,103
386,367	Project Revenue	226,576
95,308	Maintenance Services	89,820
25,890	Leasing of Equipment	29,925
19,620	Sale of Equipment	87,782

21.4% (30 November 2021: 31.8%)

TOTAL STARLIGHT® REVENUE

70.5% (30 November 2021: 50.2%)

PROJECT REVENUE

6.1% (30 November 2021: 29.8%)

RECURRING SERVICE REVENUE

13.5% (30 November 2021: 2.1%)

LEASING REVENUE

Due to the opening up of the economy post-pandemic as well as a global increase in energy prices, our Starlight® business segment experienced a recovery, with an increase of revenue by 21.4%, or S\$93,082, 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 70.5%, or S\$159,791 increase in project revenue, as well as a 6.1%, or S\$5,488 increase in recurring service revenue.

Starlight® has won six contracts for five years cloud-based energy management for energy in October 2022 and December 2022 which would contribute to the leasing revenue in the coming months.

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 decreased by 29.3% or S\$3,248,625 from S\$11,087,720 to S\$7,839,095 in the six months ended 30 November 2022. Simplicity[®] had a decrease of S\$3,341,707 in revenue as a result of a decrease in project revenue. Starlight[®] business segment revenue partially offset the decrease in revenue with a revenue growth of 21.4% or S\$93,082.

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 20.7% or S\$164,421 from S\$792,597 to S\$957,018 in this Reporting Period. Starlight[®]'s project and recurring maintenance service revenue increased by 52.2%, or S\$165,279, 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 decreased by 11.3%. Simplicity[®]'s cost of sales decreased by 11.6%, or S\$656,011, which is less than the decrease in revenue. The discrepancy is caused by (i) increased manpower cost, (ii) information security measures being gradually put in place has also increased the proportionate cost of sales, as well as (iii) the one-time assistance offered to our customers to help them implement Simplicity[®]'s new GST rate change feature.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit decreased by S\$2,573,931 or 50.2% during the Reporting Period. Simplicity[®]'s gross profit margin was 31.4% compared to 46.8% in the six months ended 30 November 2021. The gross profit decreased due to a decrease in revenue but a lesser drop in cost of sales.

Starlight[®]'s gross profit margin was 47.5% compared to 31.9% in the six months ended 30 November 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 21.4%.

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 38.7% from S\$1,991,893 for the six months ended 30 November 2021 to S\$2,763,249 for the six months ended 30 November 2022. This increase was mainly due to the increase in staff cost. 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. Specifically for this Reporting Period are the GST rate change enhances to prepare Simplicity® for Singapore's upcoming GST increase. 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.

MARKETING AND OTHER OPERATING EXPENSES

Sales and marketing expenses increased by 99.6%, or S\$665,053 as an investment to counteract the effects of the cooling economy; increase of expenses is primarily due to S\$559,895 increase in sales and marketing activities locally and in our new target market in Australia. Advertising and marketing expenses mainly consist of salaries, sales, marketing-related expenses. Other operating expenses include logistics and distribution expenses, and IT operations expenses. IT infrastructure support has increased by S\$95,969 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\$2,595,997 for the six months ended 30 November 2022 as compared to S\$1,948,664 net profit before tax for the six months ended 30 November 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 November 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 30 November 2022, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

Save as disclosed above, as at 30 November 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 30 November 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 in a controlled corporation	20,259,000	-	5.03%
Konnectivity Pte. Ltd. ⁽⁵⁾	Interest in a controlled corporation	20,259,000	-	5.03%
Keppel Konnect Pte. Ltd. ⁽⁵⁾	Interest in a controlled corporation	20,259,000	-	5.03%
Keppel Corporation Limited ⁽⁵⁾	Interest in a controlled corporation	36,723,000	-	9.11%

Notes:

- (1) Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is the wife of Mr. Ong, the chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (3) 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, Phuyay 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. and is deemed to be interested in the 16,464,000 Shares held by Kepventure Pte. Ltd. pursuant to the disclosure requirements of the SFO.
- (6) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 November 2022 (i.e. 402,900,738 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

42

Anacle Systems 2023 Interim Results Announcement

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

Save as disclosed above, as at 30 November 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 30 November 2022 and the date of this results announcement, 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 30 November 2022 and as at the date of this results announcement.

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016. Since the adoption of the Post-IPO Share Option Scheme, no share option has been granted, exercised or cancelled by the Company under the Post-IPO Share Option Scheme and there were no outstanding share options under the Post-IPO Share Option Scheme as at 30 November 2022 and as at the date of this results announcement.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the six months ended 30 November 2022 (30 November 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 Interim 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, 4 January 2023



**2023 Interim Results Announcement
For the Six Months Period Ended
30 November 2022**

ADDRESS : 3 Fusionopolis Way, #14-21 Symbiosis
Singapore 138633

PHONE : +65 6914 2666

EMAIL : info@anacle.com

WEBSITE : www.anacle.com
