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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 28 FEBRUARY 2023

The board of directors (the "Directors") of Anacle Systems Limited (the "Company") is pleased to announce the unaudited third quarterly financial results of the Company and its subsidiaries (the "Group") for the nine months ended 28 February 2023. This announcement, containing the full text of the 2023 third quarterly results announcement of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM in relation to information to accompany the preliminary announcement of 2023 third quarterly results. The printed version of the Company's 2023 third 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 April 2023.

By order of the Board
Anacle Systems Limited
Lau E Choon Alex

Executive Director and Chief Executive Officer

Singapore, 4 April 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. Mok Wai Seg and Mr. Chua Leong Chuan Jeffrey as independent non-executive Directors.

This announcement, for which the directors of Anacle Systems Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The 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.

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DEFINITIONS

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

	Nine months ended	
	28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$
Revenue	15,601,057	18,096,096
Gross profit	7,419,663	7,448,770
(Loss)/profit before tax	(768,235)	2,311,398

13.8%

REVENUE DECREASE

The general economic slowdown impacted the revenue of our Simplicity® business segment, which was partially offset by an increase in demand for our Starlight® energy-saving technology and a recovery in the number of subscriptions for our utility billing business.

0.4%

GROSS PROFIT DECREASE

Despite a slight decrease in total gross profit compared to the same period last year, the Group's overall gross profit margin improved. This was thanks to increases in gross profit margin in both business segments. Simplicity®'s gross profit margin improvement was driven by increased recurring revenue, while Starlight®'s gross profit margin improvement was due to a combination of factors, including a strategic price adjustment and customers adopting energy-saving technologies in response to rising energy costs.

S\$768,235

LOSS BEFORE TAX

The Group incurred a loss before tax primarily because of its decision to invest in activities aimed at propelling the organization to the next level. These activities included expanding sales and marketing efforts, implementing a wide range of security governance and controls measures to achieve SOC2 compliance, and increasing research and development efforts for Simplicity® software offerings.

DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2023 (28 February 2022: S\$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$
Revenue	3	7,761,962	7,008,376	15,601,057	18,096,096
Cost of sales		(2,891,890)	(4,683,128)	(8,181,394)	(10,647,326)
Gross profit		4,870,072	2,325,248	7,419,663	7,448,770
Other revenue	4	60,891	22,229	391,347	90,762
Other gains and (losses)	5	(39,720)	(749)	(38,669)	10,906
Marketing and other operating expenses		(647,666)	(469,664)	(1,980,518)	(1,137,463)
Administrative expenses		(1,655,966)	(1,301,589)	(4,419,215)	(3,293,482)
Research and development costs		(743,145)	(198,022)	(2,086,661)	(760,466)
Finance costs	6	(16,704)	(14,719)	(54,182)	(47,629)
(Loss)/profit before income tax	7	1,827,762	362,734	(768,235)	2,311,398
Income tax expense	8	-	-	(151)	-
(Loss)/profit for the period		1,827,762	362,734	(768,386)	2,311,398
Other comprehensive income Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		(11,046)	(6,823)	(31,848)	(7,732)
Total comprehensive income for the period		1,816,716	355,911	(800,234)	2,303,666
(Loss)/profit for the period attributable to:					
Owners of the Company		1,827,889	362,860	(767,866)	2,311,913
Non-controlling interests		(127)	(126)	(520)	(515)
		1,827,762	362,734	(768,386)	2,311,398
Total comprehensive income for the period attributable to:					
Owners of the Company		1,816,843	356,037	(799,714)	2,304,181
Non-controlling interests		(127)	(126)	(520)	(515)
		1,816,716	355,911	(800,234)	2,303,666
		Singapore cents	Singapore cents	Singapore cents	Singapore cents
(Loss)/earnings per share attributable to owners of the Company					
- Basic	10	0.45	0.09	(0.19)	0.57
- Diluted	10	0.45	0.09	(0.19)	0.57

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Ordinary share capital S\$	Shares pending allotment S\$	Share premium S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	Accumulated losses S\$	Non- controlling interests S\$	Total S\$
At 31 May 2022 (audited)	20,874,677	-	(1,376,024)	322,930	43,089	(3,373,846)	(52,551)	16,438,275
Loss for the period	-	-	-	-	-	(767,866)	(520)	(768,386)
Other comprehensive income	-	-	-	-	(31,848)	-	-	(31,848)
Total comprehensive income	-	-	-	-	(31,848)	(767,866)	(520)	(800,234)
As at 28 February 2023 (unaudited)	20,874,677	-	(1,376,024)	322,930	11,241	(4,141,712)	(53,071)	15,638,041
At 31 May 2021 (audited)	20,645,177	229,500	(1,376,024)	322,930	50,767	(5,743,642)	(50,664)	14,078,044
Profit for the period	-	-	-	-	-	2,311,913	(515)	2,311,398
Other comprehensive income	-	-	-	-	(7,732)	-	-	(7,732)
Total comprehensive income	-	-	-	-	(7,732)	2,311,913	(515)	2,303,666
Issuance of shares	229,500	(229,500)	-	-	-	-	-	-
As at 28 February 2022 (unaudited)	20,874,677	-	(1,376,024)	322,930	43,035	(3,431,729)	(51,179)	16,381,710

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the nine months ended 28 February 2023 (the “**2023 Third Quarterly Financial Statements**”) were approved for issue by the Board on 4 April 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2023 Third Quarterly Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of the GEM Listing Rules. The 2023 Third Quarterly Financial Statements have been prepared under the historical cost basis.

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

The 2023 Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2022 (the “**2022 Financial Statements**”).

The 2023 Third Quarterly Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the “IFRSs”) and the disclosure requirements of the Companies Ordinance. The accounting policies and methods of computation used in the preparation of the 2023 Third Quarterly Financial Statements are consistent with those used in the preparation of the 2022 Financial Statements.

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the “**Group**”). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(b) Subsidiaries

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

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

(c) Leases

The Group as a lessee

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

Right of use asset

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

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

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

Lease liabilities

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (Continued)

The Group as a lessee (Continued)

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

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

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

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

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

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Leases (Continued)

The Group as a lessor

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

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

(d) Revenue recognition

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

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (Continued)

Revenue from rendering of services including maintenance

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

Revenue from sales of hardware

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

Subscription income

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

Rental income

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

Interest income

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

(e) Government grants

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

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

(g) Foreign currencies

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategy 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	
	Nine months ended 28 February					
	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$	2023 (unaudited) S\$	2022 (unaudited) S\$
Revenue from external customers	14,702,333	17,437,013	898,724	659,083	15,601,057	18,096,096
Gross profit	6,997,263	7,276,223	422,400	172,547	7,419,663	7,448,770
Depreciation and amortisation	341,103	328,421	4,555	6,641	345,658	335,062
Provision for inventory obsolescence	-	-	32,353	-	32,353	-
Reportable segment profit/(loss)	4,133,316	6,303,523	(309,277)	(586,865)	3,824,039	5,716,658

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

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

	Three months ended		Nine months ended	
	28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$	28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$
(Loss)/profit before income tax				
Reportable segment profit	3,555,504	1,736,045	3,824,039	5,716,658
Other revenue	63,430	22,229	279,122	90,587
Other gains and (losses)	(7,367)	(747)	(6,316)	5,031
Finance costs	(16,704)	(14,719)	(54,182)	(47,629)
Unallocated expenses:				
- Staff costs	(1,286,336)	(919,071)	(3,336,258)	(2,160,181)
- Rental expenses	(3,649)	(1,228)	(6,110)	(3,689)
- Legal and professional fee	(50,295)	(52,558)	(151,454)	(136,655)
- Depreciation	(31,627)	(32,855)	(92,087)	(100,011)
- Depreciation of rights-of-use assets	(209,983)	(208,490)	(630,333)	(625,698)
- Others	(185,211)	(165,872)	(594,656)	(427,015)
Consolidated (loss)/profit before income tax	1,827,762	362,734	(768,235)	2,311,398

(c) Disaggregation of revenue

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

	Simplicity		Starlight		Total	
	Nine months ended 28 February					
	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	8,775,461	12,912,367	682,067	389,637	9,457,528	13,302,004
- Maintenance services	3,724,515	3,229,261	147,382	133,322	3,871,897	3,362,583
- Subscription	2,199,057	1,152,845	-	-	2,199,057	1,152,845
Recognised at a point of time						
- Sale of equipment	3,300	142,540	30,440	93,089	33,740	235,629
Other sources						
- Lease of equipment	-	-	38,835	43,035	38,835	43,035
	14,702,333	17,437,013	898,724	659,083	15,601,057	18,096,096
Primary geographical market						
Singapore	13,357,956	14,543,188	892,170	616,815	14,250,126	15,160,003
Thailand	995,700	2,550,713	-	-	995,700	2,550,713
Malaysia	10,992	11,733	-	36,575	10,992	48,308
PRC	69,858	116,814	-	-	69,858	116,814
Others	267,827	214,565	6,554	5,693	274,381	220,258
	14,702,333	17,437,013	898,724	659,083	15,601,057	18,096,096

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

(d) Information about major customers

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

	Nine months ended	
	28 February 2023 (unaudited) S\$	28 February 2022 (unaudited) S\$
Customer A	2,316,096	7,572,234
Customer B	1,816,864	2,461,666
Customer C	-	1,950,189

4. OTHER REVENUE

	Three months ended		Nine months ended	
	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$
Government grants	40,246	22,153	331,661	90,030
Interest income	19,473	76	53,315	119
Others	1,172	-	6,371	613
	60,891	22,229	391,347	90,762

5. OTHER GAINS AND (LOSSES)

	Three months ended		Nine months ended	
	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$
Net exchange (losses)/gains	(7,367)	(747)	(6,316)	5,031
(Provision for)/reversal of obsolete inventories	(32,353)	(2)	(32,353)	4,922
Reversal of expected credit loss	-	-	-	953
	(39,720)	(749)	(38,669)	10,906

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended		Nine months ended	
	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$
Interest on lease liabilities	16,704	14,719	54,182	47,629

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	28 February 2022 (Unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	3,530,498	3,621,594	10,180,414	8,654,021
Contributions on defined contribution retirement plans	313,529	255,516	904,016	719,017
	3,844,027	3,877,110	11,084,430	9,373,038
Depreciation of property, plant and equipment	45,695	40,289	127,461	131,780
Depreciation of right-of-use assets	209,983	208,490	630,333	625,698
Amortisation of intangible assets	103,428	103,428	310,284	310,284
Finance costs	16,704	14,719	54,182	47,629

8. INCOME TAX EXPENSE

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, and the two wholly-owned subsidiaries namely, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited, are calculated at 17%, 17% and 29% on the chargeable income for the nine months ended 28 February 2023 and 28 February 2022, respectively.

9. DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 28 February 2023 (28 February 2022: S\$Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

For the nine months ended 28 February 2023, the basic loss per share of the Company was S\$0.19. The calculation is based on the loss attributable to the owners of the Company of S\$767,866 and 402,900,738 Ordinary Shares in issue. Diluted loss per share of the Company was S\$0.19 which was based on the loss attributable to the owners of the Company of S\$767,866 and 403,672,752 weighted average number of Ordinary Shares in issue.

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

11. SHARE CAPITAL

	Number of Ordinary Shares in issue	S\$
As at 31 May 2022 (audited)	402,900,738	20,874,677
Issuance of ordinary shares	-	-
As at 28 February 2023 (unaudited)	402,900,738	20,874,677

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established in 2006, the Group is a fast-growing IT company based in Singapore. We specialise in offering, via the on-premise model and SaaS delivery model, (i) enterprise application software which is designed to assist commercial property and building owners in managing their real estate assets and facilities, and (ii) energy management system, which is designed to assist commercial property and building owners in monitoring and managing their energy consumption. Besides researching, designing, developing, and implementing software and hardware solutions, we also provide our customers with upgrades, maintenance, and after-sales support. Our products reach end-users across various countries and regions, including Singapore, Thailand, Malaysia, China, and other Asian countries, and various industries, including commercial real estate, education, healthcare, government, utilities, and oil and gas. Our mission is to design and deliver practical and easy-to-use innovations that will have an immediate positive impact on our customers.

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

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

Simplicity® Utility Billing (previously myBill) is a revenue assurance platform for energy retailers and other utility companies to manage their utility contracts with their customers and automatically generate bills, collect payments and compute arrears. Simplicity® Utility Billing charges a monthly fee per customer account onboarded to the platform, greatly aligning our interests with those of the energy retailers. Simplicity® Utility Billing can also support other types of utilities, such as water and gas. Recurring subscription revenue represents the monthly fee charged per customer account managed on the platform.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

SIMPLICITY®		
	Nine months ended 28 February 2023	Nine months ended 28 February 2022
	S\$	S\$
Total Simplicity® Revenue	14,702,333	17,437,013
Project Revenue	8,775,461	12,912,367
Maintenance Services	4,166,034	3,229,261
Subscription	1,757,538	1,152,845
Sale of Equipment	3,300	142,540

▼ **15.7%** (2022: ▲ 32.3%)

TOTAL SIMPLICITY® REVENUE

During the nine months ended 28 February 2023, we are pleased to report that we saw an improvement in revenue from Simplicity® compared to the November 2022 interim period. This improvement can be attributed to (i) a major win in December 2022 for Simplicity® Commercial Real Estate SaaS cloud from one of Asia's largest real estate groups and (ii) system enhancements for our loyal customers.

▼ **32.0%** (2022: ▲ 46.2%)

PROJECT REVENUE

Over the past two years, our revenue growth has resulted in an expansion of our customer base, which has led to an increase in our recurring maintenance revenue. In this Reporting Period, our Simplicity® recurring maintenance service revenue increased by 29.0%.

▲ **29.0%** (2022: ▲ 14.5%)

MAINTENANCE SERVICES

After a setback in the previous financial year, Simplicity®'s utility billing business has rebounded. In July 2022, we secured a new contract for an integrated billing service, which has revitalized Simplicity®'s subscription revenue, resulting in a 52.5% increase during this Reporting Period.

▲ **52.5%** (2022: ▼ 14.2%)

SUBSCRIPTION REVENUE

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

STARLIGHT®		
	Nine months ended 28 February 2023	Nine months ended 28 February 2022
	S\$	S\$
Total Starlight® Revenue	898,724	659,083
Project Revenue	682,067	389,637
Maintenance Services	147,382	133,322
Leasing of Equipment	38,835	43,035
Sale of Equipment	30,440	93,089

▲ **36.4%** (2022: ▼39.4%)

TOTAL STARLIGHT® REVENUE

Our Starlight® business segment has seen a recovery, with a 36.4% increase in revenue for both project and recurring service revenue, due to the reopening of the economy post-pandemic and the global rise in energy prices.

▲ **75.1%** (2022: ▼47.8%)

PROJECT REVENUE

The post-pandemic recovery in retail industry and increased energy costs have prompted more commercial landlords to adopt energy-saving technologies, resulting in a 75.1% increase in project revenue and a 10.5% increase in recurring service revenue.

▲ **10.5%** (2022: ▼41.4%)

MAINTENANCE SERVICES

Starlight® has secured six contracts for cloud-based energy management, with a five-year term, in October and December 2022. We completed the implementation of Starlight®'s metering infrastructure for one of the six buildings in February of 2023 and we expect to see an improvement to the leasing revenue in the upcoming months.

▼ **9.8%** (2022: ▼2.3%)

LEASING REVENUE



MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECT AND OUTLOOK

In the short term, the 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®. However, we anticipate a decrease in Simplicity® project 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

Following the launch of our billing service for Keppel Electric in July 2022, we are pleased to report that our subscription revenue for Simplicity® Utilities Billing (previously myBill) has recovered from the setback experienced in the previous financial year.

Our Starlight® business segment has recently encountered significant challenges, including the cancellation of Singapore's next-generation metering infrastructure initiative and intense pricing competition leading to the loss of several energy monitoring infrastructure projects. To navigate these obstacles, our strategy for the future of Starlight is to concentrate on our current customer base and selectively pursue high-quality energy monitoring projects.

In June 2022, we established our Australian office, and now we aim to expand our reach in the region with a renewed sales and marketing effort that includes South East Asia, Australia, New Zealand, and East Asia.

Simplicity® SaaS Cloud has successfully achieved SOC 2 Type I certification for security, which is a significant accomplishment. This certification is a testament to the fact that Simplicity® has implemented robust security measures to protect our customers' data, and underscores our commitment to maintaining the highest standards of data security. This achievement also gives our Group a competitive advantage, as customers and stakeholders can have increased confidence in the security of our Simplicity® software.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

Despite the challenges faced during the nine months ending on 28 February 2023, the Group achieved a revenue of S\$15,601,057, with Simplicity® experiencing a decrease of 15.7% or S\$2,734,680 in total revenue due to a decline in project revenue. Encouragingly, Starlight® business segment demonstrated a revenue growth of 36.4% or S\$239,641, partially offsetting the decrease in Simplicity® revenue.

During this Reporting Period, Simplicity®'s revenue was more evenly distributed among our customer base, with no single customer contributing more than 15% to the total revenue. Although Simplicity® project revenue experienced a slight decline, the recurring revenue from SaaS cloud subscriptions, utilities billing, and support services grew by 35.2%, or S\$1,541,466. In addition, Starlight® experienced an increase in demand for energy-saving technology, resulting in a revenue growth of 58.6% or S\$306,490 from project and recurring 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

During the Reporting Period, the Group's total cost of sales decreased by 23.2%, or S\$2,465,932. Simplicity®'s cost of sales decreased by 24.2%, or S\$2,455,720, although this decrease was slightly less than the decrease in revenue. The primary reasons for this discrepancy were: firstly, there was an increase in manpower cost; secondly, the implementation of information security measures gradually increased the proportionate cost of sales; and thirdly, the Group offered one-time assistance to customers in implementing Simplicity®'s new GST rate change feature, which affected the cost of sales during the Reporting Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Despite the decrease in revenue during the Reporting Period, the Group's overall gross profit margin remained stable, with a slight decrease of S\$29,107 or 0.4%. Simplicity®'s gross profit margin was 47.6%, up from 41.7% in the same period last year, primarily due to the increase in recurring revenue. Meanwhile, Starlight®'s gross profit margin was up to 47.0%, a substantial increase from 26.2% in the previous period. This improvement was due to a combination of factors, including a strategic price adjustment and the adoption of energy-saving technologies by our customers in response to rising energy costs, which led to a 36.4% increase in demand for Starlight®'s energy management solution.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

MARKETING AND OTHER OPERATING EXPENSES

Sales and marketing expenses rose by 74.1%, or S\$843,055 representing our investment to offset the adverse impact of the cooling economy. The main driver of this increase is attributed to an increase in sales and marketing activities, amounting to S\$650,531, across our local market and newly targeted market in Australia. Our advertising and marketing expenses are primarily composed of salaries as well as sales and marketing related costs. Other operating expenses include logistics and distribution expenses, and IT operations expenses. Our investment in new and improved information security measures has resulted in an increase of S\$192,524 in IT infrastructure support.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of salaries and benefits, office-related expenses, depreciation, and public company expenses. The Group's administrative expenses rose by 34.2% or S\$1,125,733. This increase was primarily driven by higher staff costs resulting from investments aimed at enhancing service delivery, personnel, and processes. The Company also organised more information security training sessions for its employees, recruited additional personnel for its internal audit and human resources departments, and improved incentives to boost 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 remained committed to investing in our products to better serve our loyal customers and the evolving market. To enhance our customers' experience with our Simplicity® and Starlight® products, we continuously added new features. We continuously added new features to enhance our customers' experience using our Simplicity® and Starlight® software. To keep up with technological advancements we have also improved our software framework to stay ahead of our competitors. As part of our efforts to control carbon emissions, we are progressively moving to cloud computing. However, we recognise that the cloud environment carries higher information security risks than the traditional on-premise delivery models. Therefore, our primary focus this financial year is on improving the security features of Simplicity®. Starlight® development costs were mainly incurred by our office in India.

NET LOSS BEFORE TAX

As a result of our investment in the new market, IT improved security controls and processes, as well as product technology updates, the Group recorded a loss before tax of S\$768,235 for the nine months ended 28 February 2023 as compared to S\$2,311,398 profit before tax for the same period 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 28 February 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	11.31%
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 28 February 2023, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options

Save as disclosed above, as at 28 February 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 28 February 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	-	11.31%
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, 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, P ang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, S hen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, T an Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.
- (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 28 February 2023 (i.e. 402,900,738 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Save as disclosed above, as at 28 February 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

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

As at 28 February 2023 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 28 February 2023 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 28 February 2023 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 nine months ended 28 February 2023 (28 February 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 2023 Third Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

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

Singapore, 4 April 2023

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