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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 29 FEBRUARY 2024

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 29 February 2024. The Company's 2023/24 Third Quarterly Results Announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.anacle.com.

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

Executive Director and Chief Executive Officer

Singapore, 3 April 2024

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 Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest 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 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.

This 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 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.

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DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司*, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period” or “3Q 2024”	the nine months ended 29 February 2024
“3Q 2023”	the nine months ended 28 February 2023
“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

* for identification purpose only

DEFINITIONS

“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 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. Chua Leong Chuan Jeffrey

Nomination Committee

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

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Ms. Tsang Oi Yin
Ms. Sylvia Sundari Poerwaka

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex
Mr. Ong Swee Heng

INDEPENDENT AUDITOR

BDO Limited

HONG KONG SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's 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

Suite 2903, 29/F, China Resources Building
26 Harbour Road
Wanchai, 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	
	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Revenue	17,614,663	15,601,057
Gross profit	8,444,937	7,419,663
Loss before tax	(604,326)	(768,235)

12.9%

REVENUE INCREASE

Total revenue increased by 12.9% or S\$2,013,606 during 3Q 2024. This was due primarily to a S\$3,255,108 increase in revenue from the Simplicity® Real Estate segment, and was partially offset by a S\$1,330,539 decrease in revenue from the Simplicity® Digital Workplace and Utilities segments.

13.8%

GROSS PROFIT INCREASE

Gross profit for both Simplicity® and Starlight® increased by S\$932,203 and S\$93,071 respectively due primarily to higher proportion of recurring revenue as compared to system implementation revenue.

S\$604,326

LOSS BEFORE TAX

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

DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 29 February 2024 (28 February 2023: S\$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Revenue	3	6,397,924	7,761,962	17,614,663	15,601,057
Cost of sales		(3,380,284)	(2,891,890)	(9,169,726)	(8,181,394)
Gross profit		3,017,640	4,870,072	8,444,937	7,419,663
Other revenue	4	79,964	60,891	309,256	391,347
Other gains and (losses)	5	(28,781)	(39,720)	78,174	(38,669)
Marketing and other operating expenses		(671,469)	(647,666)	(2,181,329)	(1,980,518)
Administrative expenses		(1,895,455)	(1,655,966)	(5,028,219)	(4,419,215)
Research and development costs		(623,702)	(743,145)	(2,137,185)	(2,086,661)
Finance costs	6	(36,362)	(16,704)	(89,960)	(54,182)
(Loss)/profit before income tax	7	(158,165)	1,827,762	(604,326)	(768,235)
Income tax credit/(expense)	8	(39)	-	10,668	(151)
(Loss)/profit for the period		(158,204)	1,827,762	(593,658)	(768,386)
Other comprehensive income Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		2,124	(11,046)	(11,838)	(31,848)
Total comprehensive income for the period		(156,080)	1,816,716	(605,496)	(800,234)
(Loss)/profit for the period attributable to:					
Owners of the Company		(158,093)	1,827,889	(593,136)	(767,866)
Non-controlling interests		(111)	(127)	(522)	(520)
		(158,204)	1,827,762	(593,658)	(768,386)
Total comprehensive income for the period attributable to:					
Owners of the Company		(155,969)	1,816,843	(604,974)	(799,714)
Non-controlling interests		(111)	(127)	(522)	(520)
		(156,080)	1,816,716	(605,496)	(800,234)
		Singapore cents	Singapore cents	Singapore cents	Singapore cents
(Loss)/earnings per share attributable to owners of the Company					
- Basic	10	(0.04)	0.45	(0.15)	(0.19)
- Diluted	10	(0.04)	0.45	(0.15)	(0.19)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Ordinary share capital 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 2023 (audited)	20,988,202	(1,376,024)	133,754	7,945	(2,810,383)	(54,534)	16,888,960
Loss for the period	-	-	-	-	(593,136)	(522)	(593,658)
Other comprehensive income	-	-	-	(11,838)	-	-	(11,838)
Total comprehensive income	-	-	-	(11,838)	(593,136)	(522)	(605,496)
Recognition of share-based payment expenses	-	-	193,659	-	-	-	193,659
As at 29 February 2024 (unaudited)	20,988,202	(1,376,024)	327,413	(3,893)	(3,403,519)	(55,056)	16,477,123
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

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 in Singapore 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 29 February 2024 (the “**2023/24 Third Quarterly Financial Statements**”) were approved for issue by the Board on 3 April 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2023/24 Third Quarterly Financial Statements have been prepared in accordance with applicable disclosure requirements of the GEM Listing Rules. These financial statements are unaudited but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

The 2023/24 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 2023 (“**2023 Financial Statements**”).

The 2023/24 Third Quarterly Financial Statements have been prepared under the historical cost basis and are presented in Singapore Dollar (“**S\$**”), which is the same as the functional currency of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(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. 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 including customer-specified enhancements to the existing implemented solutions. The transaction price for the services are charged at a fixed contracted price. Invoices are issued according to contractual terms and are usually payable within 90 days.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (Continued)

Revenue from maintenance service

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

Subscription revenue

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

Revenue from sales of hardware

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

Rental income

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

Interest income

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

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(h) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the equity instruments at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

(i) 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

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.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- **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			
	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Revenue from external customers	16,626,902	14,702,333	987,761	898,724	17,614,663	15,601,057
Gross profit	7,929,466	6,997,263	515,471	422,400	8,444,937	7,419,663
Depreciation and amortisation	53,810	341,103	45,878	4,555	99,688	345,658
Reversal of provision for expected credit loss – trade receivables and contract assets	(101,587)	-	(14,801)	-	(116,388)	-
Provision for inventory obsolescence	-	-	12,275	32,353	12,275	32,353
Reportable segment profit/(loss)	4,638,992	4,133,316	(95,968)	(309,277)	4,543,024	3,824,039

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	
	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Loss before income tax				
Reportable segment profit	1,766,531	3,555,504	4,543,024	3,824,039
Other revenue	79,025	63,430	307,984	279,122
Other gains and (losses)	(1,116)	(7,367)	(25,939)	(6,316)
Finance costs	(36,362)	(16,704)	(89,960)	(54,182)
Unallocated expenses:				
- Staff costs	(1,181,626)	(1,286,336)	(3,091,796)	(3,336,258)
- Share-based payments	(165,807)	-	(193,659)	-
- Rental expenses	(19,208)	(3,649)	(21,669)	(6,110)
- Legal and professional fee	(88,332)	(50,295)	(199,864)	(151,454)
- Depreciation	(56,491)	(31,627)	(168,856)	(92,087)
- Depreciation of rights-of-use assets	(283,584)	(209,983)	(840,942)	(630,333)
- Others	(171,195)	(185,211)	(822,649)	(594,656)
Consolidated (loss)/profit before income tax	(158,165)	1,827,762	(604,326)	(768,235)

(c) Disaggregation of revenue

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

	Simplicity		Starlight		Total	
	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Timing of revenue recognition						
Transferred over time						
- Project revenue	7,783,808	8,775,461	579,873	682,067	8,363,681	9,457,528
- Maintenance services	5,902,384	3,724,515	193,222	147,382	6,095,606	3,871,897
- Subscription	2,936,510	2,199,057	-	-	2,936,510	2,199,057
Recognised at a point of time						
- Sale of equipment	4,200	3,300	25,791	30,440	29,991	33,740
Other sources						
- Lease of equipment	-	-	188,875	38,835	188,875	38,835
	16,626,902	14,702,333	987,761	898,724	17,614,663	15,601,057
Primary geographical market						
Singapore	15,619,228	13,357,956	961,879	892,170	16,581,107	14,250,126
Thailand	855,582	995,700	-	-	855,582	995,700
Malaysia	10,378	10,992	22,020	-	32,398	10,992
PRC	53,066	69,858	-	-	53,066	69,858
Others	88,648	267,827	3,862	6,554	92,510	274,381
	16,626,902	14,702,333	987,761	898,724	17,614,663	15,601,057

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	
	29 February 2024 (unaudited) S\$	28 February 2023 (unaudited) S\$
Customer A	4,005,261	2,316,096
Customer B	2,019,467	1,816,864
Customer C	1,819,568	-

4. OTHER REVENUE

	Three months ended		Nine months ended	
	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$
Government grants	5,457	40,246	89,369	331,661
Interest income	72,033	19,473	215,366	53,315
Others	2,474	1,172	4,521	6,371
	79,964	60,891	309,256	391,347

5. OTHER GAINS AND (LOSSES)

	Three months ended		Nine months ended	
	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$
Net exchange losses	(1,116)	(7,367)	(25,939)	(6,316)
Provision for obsolete inventories	(12,275)	(32,353)	(12,275)	(32,353)
Reversal of provision for expected credit loss, net:				
- Trade receivables and contract assets	(15,390)	-	116,388	-
	(28,781)	(39,720)	78,174	(38,669)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended		Nine months ended	
	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$
Interest on lease liabilities	36,362	16,704	89,960	54,182

7. LOSS BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	3,937,010	3,530,498	11,376,710	10,180,414
Share-based payments	165,807	-	193,659	-
Contributions on defined contribution retirement plans	348,552	313,529	979,352	904,016
	4,451,369	3,844,027	12,549,721	11,084,430
Depreciation of property, plant and equipment	85,693	45,695	246,634	127,461
Depreciation of right-of-use assets	283,584	209,983	840,942	630,333
Amortisation of intangible assets	3,130	103,428	21,910	310,284
Provision/(reversal of provision) for expected credit loss, net	15,390	-	(116,388)	-
Provision for obsolete inventories	12,275	32,353	12,275	32,353

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$	29 February 2024 (Unaudited) S\$	28 February 2023 (Unaudited) S\$
Current tax credit – overseas				
- over provision for prior year	(39)	-	10,668	-
Deferred tax charge	-	-	-	(151)
	(39)	-	10,668	(151)

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia, India, PRC, and Australia, the corporate taxes of the Company, Anacle Systems Sdn. Bhd., Anacle Systems (India) Private Limited, Anacle Systems (Shanghai) Co., Ltd., and Anacle Systems Pty Ltd are calculated at 17%, 17%, 29%, 25%, and 25% respectively for the nine months ended 29 February 2024 and 28 February 2023, on the chargeable income.

9. DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 29 February 2024 (28 February 2023: S\$Nil).

10. LOSS PER SHARE

For the nine months ended 29 February 2024, the basic loss per share of the Company was S\$0.15. The calculation is based on the loss attributable to the owners of the Company of S\$593,136 and 405,279,683 Ordinary Shares in issue. Diluted loss per share of the Company was S\$0.15 which was based on the loss attributable to the owners of the Company of S\$593,136 and 406,253,760 weighted average number of Ordinary Shares in issue.

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.

11. SHARE CAPITAL

	Number of Shares	Share Capital S\$
As at 31 May 2023 (audited) and 29 February 2024 (unaudited)	405,279,683	20,988,202

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Established in 2006, the Group is a fast-growing IT company based in Singapore. We specialise in offering, via the 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 cloud hosting, upgrades, maintenance, and after-sales support. Our products reach end-users across various countries and regions, including Singapore, Thailand, India, China, and other Asian countries, and various industries, including commercial real estate, education, healthcare, government, and utilities. 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® 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 revenue generated by Simplicity® system implementation comprises earnings from system design, configuration, and implementation services for newly acquired customers. Recurring revenue includes ongoing system enhancements, subscription fees from our SaaS model, and technical support services, which are typically provided to existing customer.

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® implementation 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 for newly acquired customers. Recurring revenue includes maintenance and technical support services for existing installed sites. Rental revenue represents fees for renting of Starlight® hardware.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

SIMPLICITY® BUSINESS SEGMENT

	Nine months ended 29 February 2024 S\$	Nine months ended 28 February 2023 S\$
Simplicity® system implementation revenue	3,111,699	2,321,370
Simplicity® recurring revenue	13,515,203	12,380,963
Total Simplicity® revenue	16,626,902	14,702,333

▲13.1% TOTAL SIMPLICITY® REVENUE

Total Simplicity® revenue increased by 13.1% or S\$1,924,569 for this Reporting Period; this was due primarily to a S\$3,255,108 increase in revenue from the Simplicity® Real Estate segment, and was partially offset by a S\$1,330,539 decrease in revenue from the Simplicity® Digital Workplace and Utilities segments.

▲34.0% SYSTEM IMPLEMENTATION

System implementation revenue increased by 34.0% or S\$790,329 as a result of improved order book, while recurring revenue increased by 9.2% or S\$1,134,240 due primarily to continual system enhancements for customers and accelerated move to a SaaS business model.

▲9.2% RECURRING

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

STARLIGHT® BUSINESS SEGMENT

	Nine months ended 29 February 2024	Nine months ended 28 February 2023
	S\$	S\$
Starlight® system implementation revenue	69,629	105,007
Starlight® recurring revenue	729,257	754,882
Starlight® hardware leasing revenue	188,875	38,835
Total Starlight® revenue	987,761	898,724

▲9.9%

TOTAL STARLIGHT® REVENUE

▼3.4%

RECURRING

▼33.7%

IMPLEMENTATION

▲386.4%

HARDWARE LEASING

During the Reporting Period, Starlight® revenue were driven by support provided to existing customers, which contributed to a stable revenue.

Starlight® did not acquire any major new customer contracts during the Reporting Period which contributed to the decline in the implementation revenue. During the Reporting Period, revenue from support services for existing customers decreased by 11.8% or S\$71,465 and was partially offset by an increase of 31.1% or S\$45,840 in revenue from maintenance services which resulted in an overall decrease of 3.4% or S\$25,625 in Starlight® recurring revenue.

As we are close to completing a major order with a significant hardware leasing component, revenue from Starlight® hardware leasing has increased as compared to the same period last year and would continue to increase in the remaining 3 months of our financial year until it stabilizes in the next financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECT AND OUTLOOK

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

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

We launched our Japan office in November 2023. 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

Total revenue increased by 12.9% or S\$2,013,606 from S\$15,601,057 for 3Q 2023 to S\$17,614,663 for 3Q 2024. Revenue from Simplicity® increased by 13.1% or S\$1,924,569 from S\$14,702,333 to S\$16,626,902. Revenue from Starlight® increased by 9.9% or S\$89,037 from S\$898,724 to S\$987,761.

Simplicity® revenue was more evenly distributed among our customer base. For 3Q 2024, Simplicity® had three customers that individually represented more than 10% of the Group's total revenue, which accounted for 22.7%, 11.5% and 10.3%. The same three customers accounted for 14.8%, 0.0% and 11.6% of the Group's total revenue for 3Q 2023. Both Simplicity® system implementation and recurring revenue experienced increases, with system implementation revenue growing by 34.0% or S\$790,329, and recurring revenue from system enhancements, SaaS cloud subscriptions, utilities billing, and support services growing by 9.2% or S\$1,134,240.

Starlight® revenue recorded a growth of 9.9% in this Reporting Period, with the entirety of the revenue coming from recurring revenue from support services, hardware leasing, and maintenance services.

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

COST OF SALES

Total cost of sales increased by 12.1%, or S\$988,332. Simplicity® cost of sales increased by 12.9% or S\$992,366 from S\$7,705,070 for 3Q 2023 to S\$8,697,436 for 3Q 2024. Manpower cost was the major component of Simplicity® cost of sales, followed by third party professional services and third party commercial cloud costs.

Starlight® cost of sales decreased by 0.8% which were due primarily to less third party contracting cost incurred from reduced support services.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit increased by S\$1,025,274 or 13.8% during the Reporting Period. Simplicity® gross profit margin was 47.7% compared to 47.6% in 3Q 2023. Starlight®'s gross profit margin was 52.2% compared to 47.0% in 3Q 2023. This improvement was due to a combination of factors, including a strategic price adjustment, lesser third party contracting costs, increased revenue from hardware leasing due the adoption of energy-saving technologies by our customers in response to rising energy costs.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

MARKETING AND OTHER OPERATING EXPENSES

Sales, marketing and distribution expenses are driven primarily by the business development activities, marketing- and-advertising-related activities, IT infrastructure costs, and costs for logistics and distributions of Starlight®.

As a percentage of revenue, our sales, marketing and distribution expenses decreased from 12.7% for 3Q 2023 to 12.4% for 3Q 2024 in spite of our technology event in July 2023 and our market expansion to Australia and Japan.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of salaries and benefits, office-related expenses, depreciation, and public company expenses.

As a percentage of revenue, administrative expenses increased from 28.3% for 3Q 2023 to 28.5% for 3Q 2024, due to the recognition of employee share option expense, inflation-adjustment increase in salaries and office-related expenses as well as depreciation.

RESEARCH AND DEVELOPMENT COSTS

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

As a percentage of revenue, research and development costs decreased from 13.4% for 3Q 2023 to 12.1% for 3Q 2024.

NET LOSS BEFORE TAX

As a result of our investment in new markets, IT improved security controls and processes, and product technology updates, the Group recorded a net loss before tax of S\$604,326 for 3Q 2024 as compared to S\$768,235 net loss before tax for 3Q 2023.

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 29 February 2024, 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 interested	Number of underlying Shares interested ⁽²⁾	Total interest	Approximate percentage of the Company's issued Shares ⁽¹⁾
Mr. Lau E Choon Alex ⁽³⁾ ("Mr. Lau")	Beneficial interest	45,572,000	10,000,000	60,572,000	14.95%
	Interest of spouse	-	5,000,000		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	6,000,000	28,750,000	7.09%
Prof. Wong Poh Kam ("Prof. Wong")	Beneficial interest	22,993,900	-	22,993,900	5.67%

Notes:

- (1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 405,279,683 as at 29 February 2024, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.
- (2) The underlying Shares represent the options granted under the Post-IPO Share Option Scheme of the Company.
- (3) Mr. Lau is husband of Ms. Ng Yen Yen and is deemed to be interested in the shareholding interests of Ms. Ng Yen Yen in the Company pursuant to the disclosure requirements of the SFO.

The Directors and chief executive of the Company were granted share options under the Post-IPO Share Option Scheme of the Company to subscribe for the Shares, which are exercisable in four equal tranches at the end of each year commencing from the date of grant. In respect of each portion of share options which is vested, the exercise period (the "**Exercise Period**") shall be the period beginning on the relevant vesting date and ending on the 10th anniversary of the Grant Date. The Share Options (to the extent not already exercised) shall lapse automatically at the expiry of the Exercise Period.

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 (Continued)

The following table sets out the details of the share options under the Post-IPO Share Option Scheme granted to the Directors and chief executive of the Company as at 29 February 2024:

Name of Directors	Date of Grant	Number of underlying Shares comprised in the Post-IPO Share Option Scheme	Approximate percentage of the Company's issued Shares ⁽¹⁾	Exercise price per Share ⁽²⁾
Mr. Lau	12 October 2023	10,000,000	2.47%	HK\$0.256 (approximately S\$0.045)
Mr. Ong	12 October 2023	6,000,000	1.48%	HK\$0.256 (approximately S\$0.045)

Notes:

- (1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 405,279,683 as at 29 February 2024, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.
- (2) The exercise price is the higher of (i) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the Date of Grant, being HK\$0.256; and (ii) the closing price of the Shares to be issued by the Stock Exchange on the Date of Grant, being HK\$0.250.

Save as disclosed above, as at 29 February 2024, 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 29 February 2024, 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	Total interest	Approximate percentage of Company's issued Shares ⁽⁶⁾
Ng Yen Yen ⁽¹⁾	Beneficial interest	-	5,000,000	60,572,000	14.95%
	Interest of spouse	45,572,000	10,000,000		
Lim Lay Hong ⁽²⁾	Interest of spouse	22,750,000	6,000,000	28,750,000	7.09%
Majuven Fund 1 Ltd. ⁽³⁾	Beneficial interest	36,528,219	-	36,528,219	9.01%
OWW Investments III Limited ⁽⁴⁾	Beneficial interest	20,873,307	-	20,873,307	5.15%
M1 TeliNet Pte. Ltd. ⁽⁵⁾	Beneficial interest	20,259,000	-	20,259,000	5.00%
M1 Limited ⁽⁵⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	5.00%
Konnectivity Pte. Ltd. ⁽⁵⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	5.00%
Keppel Konnect Pte. Ltd. ⁽⁵⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	5.00%
Keppel Corporation Limited ⁽⁵⁾	Interest in a controlled corporation	36,723,000	-	36,723,000	9.06%

Notes:

- (1) Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is the wife of Mr. Ong, the chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (3) Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.
- (4) OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhua, Zang Yi, Yu Hai, 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 29 February 2024 (i.e. 405,279,683 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Save as disclosed above, as at 29 February 2024, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

These Pre-IPO share options are exercisable at either approximately S\$0.01 per share or S\$0.07 per share (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 29 February 2024, 1,696,445 options granted to two members of senior management and an employee of the Company had vested and were exercisable. All of the above Pre-IPO share options have not been exercised as at 29 February 2024.

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.

The Board of Director of the Company granted/conditionally granted an aggregate of 39,915,849 Post-IPO share options to 10 eligible participants on 12 October 2023 (the "**2023 Plan**"). 16,000,000 Post-IPO share options were granted to the two executive directors of the Company, 13,250,000 Post-IPO share options were granted to four key management personnel, and 10,665,849 Post-IPO share options were granted to four employees of the Company.

Of the aggregate 39,915,849 Post-IPO share options, 31,000,000 Post-IPO share options which required the approval of shareholders, were subsequently approved at the extraordinary general meeting held by the Company on 8 December 2023. The remaining 8,915,849 share options were granted and accepted on 12 October 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

Post-IPO Share Option Scheme (Continued)

Each of the Post-IPO share options is exercisable in four equal tranches at the end of each year commencing from the grant date (“**Grant Date**”). In respect of each portion of share options which is vested, the exercise period (the “**Exercise Period**”) shall be the period beginning on the relevant vesting date and ending on the 10th anniversary of the Grant Date. The Share Options (to the extent not already exercised) shall lapse automatically at the expiry of the Exercise Period.

Each of the Post-IPO share options are exercisable at HK\$0.256 (or approximately S\$ 0.045) per Share, being the higher of (i) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the Grant Date, being HK\$0.256; and (ii) the closing price of the Shares to be issued by the Stock Exchange on the Grant Date, being HK\$0.250.

All of the Post-IPO share options have not vested as at 29 February 2024.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 29 February 2024 (28 February 2023: S\$Nil).

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 2023/24 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, 3 April 2024