



# ANACLE SYSTEMS LIMITED

安科系統有限公司\*

*(Incorporated in the Republic of Singapore with limited liability)*

**Stock code: 8353**

## 2024 ANNUAL REPORT

**For the financial year ended  
31 May 2024**

*\* for identification purpose only*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

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

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

#### Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)

Prof. Wong Poh Kam

Dr. Chong Yoke Sin

#### Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Mok Wai Seng

Mr. Chua Leong Chuan Jeffrey

### BOARD COMMITTEES

#### Audit Committee

Mr. Mok Wai Seng (*Chairman*)

Dr. Chong Yoke Sin

Mr. Chua Leong Chuan Jeffrey

#### Remuneration Committee

Mr. Alwi Bin Abdul Hafiz (*Chairman*)

Prof. Wong Poh Kam

Mr. Chua Leong Chuan Jeffrey

#### Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Mr. Mok Wai Seng

### COMPLIANCE OFFICER

Mr. Ong Swee Heng

### JOINT COMPANY SECRETARIES

Ms. Tsang Oi Yin

Ms. Sylvia Sundari Poerwaka

### AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex

Mr. Ong Swee Heng

### 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

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#14-21 Symbiosis

Singapore 138633

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

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26 Harbour Road

Wanchai, Hong Kong

### PRINCIPAL BANKER

DBS Bank Ltd

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Singapore 018982

### COMPANY WEBSITE

[www.anacle.com](http://www.anacle.com)

### GEM STOCK CODE

8353

# LETTER FROM THE CEO

Dear shareholders,

It is with great pleasure that we present to you the annual report of Anacle Systems Limited (“Anacle”) for the financial year ended 31 May 2024 (“FY2024”).

## Performance

Despite facing strong and pervasive economic headwinds, Anacle has performed well in FY2024. We are pleased to report a revenue of S\$26.7 million and a net profit after tax of S\$590,988, compared to S\$23.8 million and S\$372,304, respectively, in FY2023. Company fundamentals continue to improve - gross profit and the proportion of recurring revenue have significantly increased.

Our Simplicity® business unit recorded healthy growth as enterprise demand from the real estate industry remained strong. Revenue increased by 12.7% from S\$22.5 million in FY2023 to S\$25.4 million in FY2024, while gross margin remained stable at 50.4% (compared to 50.0% in FY2023).

Our Smart Utilities Management (“Starlight®”) business unit kept its performance in spite of growing competition. Revenue remained stable at S\$1.3 million, while gross margin increased from 45.9% to 49.0% due to pricing adjustments.

## Milestones

We achieved a number of milestones in FY2024. We have secured major long-term SaaS contracts from leading real estate players and government agencies, solidifying our market position. Additionally, we opened our Japan office in Tokyo, signaling our firm intention to expand internationally.

## Challenges

While we celebrate our achievements, we acknowledge that the global geopolitical uncertainties and economic challenges prevailing in major economies will continue to impact our operating environment in the coming year. Notably, the commercial real estate sector in major economies such as China and Australia continue to struggle to recover.

## Outlook

Despite these challenges, we take pride in our strong cash flow generation. As of 31 May 2024, we have cash reserves of S\$11.7 million from our business operations. Moving forward, we will continue to exercise prudence in managing our cash and investment activities in view of the uncertainties in major economies. Thanks to a successful FY2024, we have fortified our balance sheet, secured a healthy order book, and established a robust sales pipeline, all of which contribute to a promising future for Anacle.

## Acknowledgements

We would like to thank our shareholders for your unwavering confidence in Anacle, especially during these difficult and uncertain times. We are also grateful for the continuous support of our business partners and customers, whose collaboration has been invaluable to our success. Last but certainly not least, we extend heartfelt appreciation to our fellow directors and the entire management and staff for their unwavering commitment and significant contributions to the growth and success of Anacle. We are committed to driving growth, embracing innovation, and creating sustainable value for our customers and stakeholders. Together, we will continue to shape the future of Smart City technologies.

Lau E Choon Alex, CEO  
Singapore, 21 August 2024

# 2024 FINANCIAL HIGHLIGHTS

## REVENUE ▲ 12.2%

Revenue for FY2024 was S\$26.7 million, an increase of S\$2.9 million or 12.2% from FY2023.

Revenue from Simplicity® business segment in FY2024 was up 12.7% against FY2023. Revenue from Starlight® business segment remained stable, increasing by a modest 2.7% from FY2023.

Our total recurring revenue from both business segments continued to grow from 70.5% in FY2023 to 81.3% in FY2024. Simplicity® recurring revenue increased from 69.6% in FY2023 to 80.6% in FY2024. Starlight® recurring revenue also saw an increase from 86.9% in FY2023 to 94.8% in FY2024.

## GROSS PROFIT ▲ 13.4%

Gross profit for FY2024 was S\$13.4 million, an increase of S\$1.6 million or 13.4% from FY2023.

Gross profit margin of Simplicity® and Starlight® in FY2024 were 50.4% and 49.0%, an increase from 50.0% and 45.9% in FY2023.

Gross profit margin from Simplicity® and Starlight® recurring revenue were 55.8% and 49.0%, also an increase from 52.0% and 47.5% in FY2023.

## ADJUSTED NET PROFIT BEFORE TAX ▲ S\$0.5 million

Our adjusted net profit before tax was S\$1.0 million in FY2024, an increase of S\$0.5 million from FY2023, attributable to a 12.2% growth in revenue against relatively stable operating expenses, which as a percentage of revenue, was 48.4% in FY2024 and 48.3% in FY2023.

## ADJUSTED EBITDA ▲ 20.1%

Our adjusted earnings before interest expenses, taxation, depreciation and amortisation in FY2024 was 20.1% higher than FY2023, at S\$2.6 million compared to S\$2.2 million in FY2023.

**Earnings per share**  
S\$0.15 cents

**Bank balances and cash**  
S\$11.7 million

**Net assets**  
S\$17.9 million

(1) Adjusted net profit before tax is calculated as the Group's net income before tax excluding impairment losses and share-based payments.

(2) Adjusted EBITDA is calculated as adjusted net profit before tax excluding depreciation, amortisation and interest expenses.

# FINANCIAL SUMMARY

	FY2024 S\$	FY2023 S\$	FY2022 S\$	FY2021 S\$	FY2020 S\$
<b>Revenue</b>	<b>26,700,265</b>	<b>23,800,162</b>	<b>23,240,201</b>	<b>22,164,921</b>	<b>18,933,335</b>
Cost of sales	(13,256,275)	(11,947,067)	(13,718,669)	(13,142,101)	(11,339,175)
<b>Gross profit</b>	<b>13,443,990</b>	<b>11,853,095</b>	<b>9,521,532</b>	<b>9,022,820</b>	<b>7,594,160</b>
Other revenue	407,920	478,522	275,264	989,805	801,630
Other (losses) and gains	(96,438)	(251,699)	163,028	(441,594)	(213,089)
Marketing and other operating expenses	(2,924,272)	(2,726,328)	(1,543,693)	(1,333,852)	(1,604,467)
Administrative expenses	(7,397,154)	(6,438,853)	(5,105,137)	(5,022,718)	(4,652,929)
Research and development costs	(2,607,512)	(2,338,409)	(1,045,989)	(981,261)	(871,223)
Impairment of intangible assets	-	-	-	-	(716,988)
Impairment of property, plant and equipment	-	-	-	-	(316,049)
Finance costs	(123,088)	(86,463)	(60,938)	(66,871)	(36,324)
Share of loss of an associate	-	-	-	-	(110,223)
<b>Profit/(loss) before income tax</b>	<b>703,446</b>	<b>489,865</b>	<b>2,204,067</b>	<b>2,166,329</b>	<b>(125,502)</b>
Income tax (expense)/credit	(112,458)	(117,561)	163,842	(33,256)	(5,872)
<b>Profit/(loss) for the year</b>	<b>590,988</b>	<b>372,304</b>	<b>2,367,909</b>	<b>2,133,073</b>	<b>(131,374)</b>
Profit/(loss) before income tax	703,446	489,865	2,204,067	2,166,329	(125,502)
Add back:					
Impairment of intangible assets	-	-	-	-	716,988
Impairment of property, plant and equipment	-	-	-	-	316,049
Share-based payments	320,866	-	-	-	33,648
<b>Adjusted profit before tax</b>	<b>1,024,312</b>	<b>489,865</b>	<b>2,204,067</b>	<b>2,166,329</b>	<b>941,183</b>
Adjust for:					
Depreciation	1,456,951	1,197,586	1,010,335	938,458	908,666
Amortisation	21,909	413,712	413,713	891,740	1,012,207
Finance costs	123,088	86,463	60,938	66,871	36,324
<b>Adjusted EBITDA</b>	<b>2,626,260</b>	<b>2,187,626</b>	<b>3,689,053</b>	<b>4,063,398</b>	<b>2,898,380</b>
	<b>FY2024 S\$</b>	<b>FY2023 S\$</b>	<b>FY2022 S\$</b>	<b>FY2021 S\$</b>	<b>FY2020 S\$</b>
<b>Assets and liabilities</b>					
Non-current assets	4,591,064	5,882,102	4,820,739	5,779,320	2,111,519
Current assets	21,138,626	19,869,793	21,427,894	17,444,884	13,539,070
Current liabilities	6,303,072	6,261,872	6,862,263	5,640,254	3,743,923
Net current assets	14,835,554	13,607,921	14,565,631	11,804,630	9,795,147
Non-current liabilities	1,523,551	2,601,063	2,948,095	3,505,906	79,384
<b>Net assets</b>	<b>17,903,067</b>	<b>16,888,960</b>	<b>16,438,275</b>	<b>14,078,044</b>	<b>11,827,282</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Operating Segments

We operate as two segments: Simplicity® and Starlight®.

#### Simplicity®

Simplicity® is a suite of business software applications designed to cater to the specific needs of operations within the built environment. With its cloud and mobile apps-enabled platform, Simplicity® offers a user-friendly experience that is both easy to implement and utilise effectively.

Our primary focus is on meeting the advanced and complex requirements of large enterprises in the Asia-Pacific region. As a Software-as-a-Service (SaaS) model, Simplicity® ensures seamless accessibility and continuous updates for our customers. In addition, we offer professional services to provide dedicated support throughout the implementation and ongoing utilisation of Simplicity® software.

Simplicity® offers three major vertical solutions tailored to different market segments:

#### Simplicity® Real Estate (“RE”) Solution

Geared towards commercial landlords and asset/property managers, Simplicity® RE is the ultimate software solution for managing commercial real estate portfolios in the Asia-Pacific region. Its advanced features include workflow-driven end-to-end automation and powerful big data analytics for rental, finance, and property management operations. With scalability to accommodate various property types, such as office, retail, industrial, logistics, self-storage, residential, and food court assets, Simplicity® RE has gained the trust of Asia-Pacific’s leading real estate companies.

#### Simplicity® Digital Workplace (“DW”) Solution

Targeting large companies and organizations with substantial real estate holdings, Simplicity® DW provides unparalleled operational and financial visibility into all aspects of corporate real estate. It offers advanced space, asset, and shared resources management and optimization capabilities. Utilizing 3D models based on Digital Twin technologies, Simplicity® DW simplifies the creation and maintenance process, eliminating the need for cumbersome and expensive traditional 2D CAD components. It is the ideal tool for managing corporate real estate and assets for enterprises with more than one million square feet of space or more than ten thousand assets to oversee.

#### Simplicity® Utilities (“UT”) Solution

Tailored for the utilities industries, Simplicity® UT offers comprehensive and advanced solutions for revenue assurance and the management of mission-critical assets. This solution features workflow-driven end-to-end contract and billing management, as well as field-service automation and advanced big data analytics for maintenance, safety, and supply chain operations. With scalability to accommodate millions of retail customers and mission-critical assets and network elements, Simplicity® UT serves utilities spanning power, water & wastewater, gas, cooling & heating, as well as telecommunications.

Simplicity® is committed to delivering streamlined and efficient business solutions to enterprises in the Asia-Pacific region. Our user-friendly interface, cloud and mobile compatibility, and specialized vertical solutions make us the go-to choice for businesses seeking to optimize their operations within the built environment.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Starlight®

Starlight® is the technological manifestation of our vision - where cutting-edge technology meets sustainability to transform the way we manage energy and water. At the heart of our business segment lies the Starlight® Smart Utilities Management Solution ("UMS"), an innovative cloud-based platform powered by the Internet of Things ("IoT"). This platform is dedicated to redefining the standards of energy and water management, providing seamless end-to-end solutions for both revenue and non-revenue applications.

The Starlight® UMS is a game-changer, leveraging the power of advanced IoT sensors, state-of-the-art wireless communications, and sophisticated data analytics. Through this integrated approach, we empower businesses and communities to make intelligent decisions and optimize their energy and water consumption.

### Sources of Revenue

We derive our revenue from two sources: (1) subscription and support services and (2) professional services. Subscription and support revenue accounted for approximately 81.3% of our total revenue for FY2024, with 80.6% coming from Simplicity® segment and 94.8% from Starlight® segment.

Subscription and support revenue include

- subscription fee from customers accessing our enterprise cloud software application services (collectively, "Software-as-a-Service" or "SaaS");
- lease of IoT devices that we have deployed on customers' premises (collectively, "Internet-of-Things-as-a-Service" or "IoTaaS");
- sales of IoT hardware devices; and
- support revenue from maintenance and technical support services and customer-specified-updates beyond the basic subscription fees or related to the sales of hardware.

Our SaaS and IoTaaS allow customers to use our software and hardware without taking possession of them.

Professional services revenue includes

- consulting services for planning and execution of digital transformations for newly acquired customers, including business process mapping and re-engineering, onboarding and implementation, data transformation and loading, training and change management;
- IoT project management and installation services for newly acquired customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### SaaS subscription revenue

SaaS subscription revenue is recognised over time as the benefits are received and consumed simultaneously by the customer. Subscription contracts for Simplicity® Utilities are structured as fee-per-account with a minimum number of base accounts and revenue is recognised by the number of accounts every month. Invoice is typically monthly in arrears. Arrears amounts are recorded as unbilled income under trade receivables. Subscription contracts for Simplicity® Real Estate and Simplicity® Digital Workplace are structured as fee-per-user seats which are fixed over the duration of the contract. We typically issue invoices annually in advance. Amounts that have been invoiced are recognised as deferred income or revenue depending on whether the customers have received and consumed the benefits from the subscription, which is typically on a monthly basis. There is no variable consideration in our standard subscription contracts.

#### Lease of IoT devices revenue

Lease income from leasing of IoT devices is recognised on a straight-line basis over the term of the lease.

#### Sales of IoT hardware devices revenue

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. The transaction price is determined based on a stand-alone quoted selling price of the hardware.

#### Maintenance and technical services revenue

Under the standard maintenance and technical support services, the performance obligation is to stand ready to provide technical support and unspecified software updates on a when-and-if-available basis. The customers simultaneously receive and consume the benefits of these services. Maintenance and technical support revenue is recognised based on time elapsed and rateably over the contract duration which is typically for 12 months. We generally invoice our customers monthly. Some maintenance and technical support services agreements are invoiced annually or quarterly in advance. Amounts that have been invoiced are recognised as deferred income or revenue depending on whether the customers have received and consumed the benefits from the maintenance and technical support services, which in our case, is on a monthly basis. The remaining minority of maintenance and technical support services agreements are invoiced monthly or quarterly in arrears. Arrears amounts are recorded as unbilled income under trade receivables.

#### Revenue from updates support and professional services

Revenue from updates support and professional services are collectively presented in note 6(c) to the consolidated financial statements as project revenue. Transaction price for these services is charged at a fixed contracted price. Invoices are issued according to contractual terms. Revenue recognised over time by reference to the stage of completion which is determined by reference to the work done at the end of reporting period as a percentage of total estimated work ("input method"). Foreseeable losses from contracts are fully provided for when they are identified. Contract balances relating to system integration contracts in progress were presented in the consolidated statement of financial position under "contract assets" or "contract liabilities" respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

As at 31 May 2024, the amounts of deferred income and unbilled income were S\$2,584,909 and S\$818,968 respectively. Gross contract assets before any allowances for expected credit losses and contract liabilities as at 31 May 2024 were S\$4,234,652 and S\$123,791 respectively.

#### Results of Operations

The following table provides an overview of our operating results for FY2024:

	FY2024 S\$	% of Total Revenue	FY2023 S\$	% of Total Revenue
<b>Revenue</b>	<b>26,700,265</b>	<b>100.00</b>	<b>23,800,162</b>	<b>100.00</b>
- Subscription and support services	21,700,668	81.28	16,780,533	70.51
- Professional services	4,999,597	18.72	7,019,629	29.49
<b>Cost of Sales</b>	<b>(13,256,275)</b>	<b>(49.65)</b>	<b>(11,947,067)</b>	<b>(50.20)</b>
- Subscription and support services	(9,671,520)	(36.22)	(8,097,945)	(34.02)
- Professional services	(3,584,755)	(13.43)	(3,849,122)	(16.17)
<b>Gross Profit</b>	<b>13,443,990</b>	<b>50.35</b>	<b>11,853,095</b>	<b>49.80</b>
- Subscription and support services	12,029,148	45.05	8,682,588	36.48
- Professional services	1,414,842	5.30	3,170,507	13.32
<b>Operating Expenses</b>	<b>(12,928,938)</b>	<b>(48.42)</b>	<b>(11,503,590)</b>	<b>(48.33)</b>
- Research and development	(2,607,512)	(9.77)	(2,338,409)	(9.83)
- Sales and marketing	(2,924,272)	(10.95)	(2,726,328)	(11.46)
- General and administrative	(7,397,154)	(27.70)	(6,438,853)	(27.05)
<b>Income from Operations</b>	<b>515,052</b>	<b>1.93</b>	<b>349,505</b>	<b>1.47</b>
Other revenue	407,920	1.53	478,522	2.01
Other (losses)/gains	(96,438)	(0.36)	(251,699)	(1.06)
Finance costs	(123,088)	(0.46)	(86,463)	(0.36)
<b>Profit before tax</b>	<b>703,466</b>	<b>2.63</b>	<b>489,865</b>	<b>2.06</b>
Income tax expense	(112,458)	(0.42)	(117,561)	(0.49)
<b>Net profit after tax</b>	<b>590,988</b>	<b>2.21</b>	<b>372,304</b>	<b>1.56</b>

#### Revenue

Our total revenue for FY2024 and FY2023, were as follows:

	FY2024 S\$	FY2023 S\$	Variance S\$	Variance %
Subscription and support services	21,700,668	16,780,533	4,920,135	29.32
Professional services	4,999,597	7,019,629	(2,020,032)	(28.78)
Total	26,700,265	23,800,162	2,900,103	12.19

The increase in subscription and support services revenue for FY2024 was primarily caused by an increased number of new customers, expansion of our product offerings sold to existing customers, as well as strong customer renewals. Pricing was not a significant driver of the increase in revenues for either period.

The decrease in professional services revenue was due primarily to less demand for larger, multi-year transformation engagements and, in some cases, delayed projects. These trends may continue in the near term.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Revenue by Product Line

Product line	FY2024 S\$	FY2023 S\$	Variance S\$	Variance %
Simplicity® Real Estate	15,670,174	12,384,918	3,285,256	26.53
Simplicity® Digital Workplace	5,980,930	6,142,685	(161,755)	(2.63)
Simplicity® Utilities	3,718,841	3,976,842	(258,001)	(6.49)
Starlight®	1,330,320	1,295,717	34,603	2.67
<b>Total</b>	<b>26,700,265</b>	<b>23,800,162</b>	<b>2,900,103</b>	<b>12.19</b>

Revenue by product line are determined based on the product line subscribed to or purchased by the customer. Growth was dominated by Simplicity® Real Estate due to the acquisition of major new customers in the commercial real estate space. As delivery professional services were prioritised for Simplicity® Real Estate over the other product lines, the revenue of other product lines remained stable from FY2023 to FY2024.

#### Revenue by Geography

Revenue	FY2024 S\$	FY2024 %	FY2023 S\$	FY2023 %
Singapore	25,271,638	94.65	22,143,466	93.04
Brunei Darussalam	56,568	0.21	40,354	0.17
Malaysia	35,819	0.13	14,580	0.06
Philippines	4,284	0.02	9,122	0.04
Thailand	1,199,683	4.49	1,269,338	5.33
China	58,623	0.22	75,113	0.32
Hong Kong	53,364	0.20	248,189	1.04
India	20,286	0.08	-	0.00
<b>Total</b>	<b>26,700,265</b>	<b>100.00</b>	<b>23,800,162</b>	<b>100.00</b>

Revenue by geography are determined based on the region of the customer contracting entity, which may be different than the Group contracting entity. Growth was dominated by the Singapore market, driven primarily by the strong Singapore economy and increased local demand for our products. During FY2024 (as in FY2023), we were minimally impacted by foreign currency fluctuations because our primary commercial transaction currencies in the main markets of Singapore and Thailand are the Singapore Dollar and United States Dollar, both which remained strong during the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Costs and Expenses

Our costs and expenses for FY2024 and FY2023, were as follows:

	FY2024 S\$	FY2023 S\$	Variance S\$	Variance %
<b>Cost of Sales (A)</b>	<b>13,256,275</b>	<b>11,947,067</b>	<b>1,309,208</b>	<b>10.96</b>
- Subscription and support services	9,671,520	8,097,945	1,573,575	19.43
- Professional services	3,584,755	3,849,122	(264,367)	(6.87)
<b>Operating Expenses (B)</b>	<b>12,928,938</b>	<b>11,503,590</b>	<b>1,425,348</b>	<b>12.39</b>
- Research and development	2,607,512	2,338,409	269,103	11.51
- Sales and marketing	2,924,272	2,726,328	197,944	7.26
- General and administrative	7,397,154	6,438,853	958,301	14.88
<b>Total (A+B)</b>	<b>26,185,213</b>	<b>23,450,657</b>	<b>2,734,556</b>	<b>11.66</b>

The increase in total costs and expenses was primarily due to costs needed to support increased sales and an overall increase in operating expenses as we scale internationally.

#### Cost of Sales

Cost of subscription and support services was S\$9,671,520 for FY2024, compared to S\$8,097,945 for FY2023, an increase of S\$1,573,575 or 19.43%. The increase was primarily due to higher average headcount for system operations and support personnel, higher demand for cloud computing capacity, as well as additional cybersecurity overhead introduced as part of our SOC2 and ISO27001 compliance requirements. We expect cost of subscription and support services will continue to increase in absolute dollars as we improve and invest in expanding our technical operations infrastructure, including our cloud computing infrastructure operated by third parties. The timing of these expenses may adversely affect our cost of sales as a percentage of revenue in the near term due to fluctuations in demand for our service offerings.

Cost of professional services were S\$3,584,755 for FY2024, compared to S\$3,849,122 for FY2023, a decrease of S\$264,367 or 6.87%. The decrease in cost of professional services aligned with the decrease in professional services revenue, primarily due to lower average headcount. We expect cost of professional services as a percentage of total revenues to continue to decline as we increase reliance on our service partners to deploy our applications and as our subscription services and support revenues continue to grow as we expand both our customer base and our footprint within our existing customers.

#### Operating Expenses

Research and development expenses were S\$2,607,512 for FY2024, compared to S\$2,338,409 for FY2023, an increase of S\$269,103 or 11.51%. As a percentage of total revenue, research and development expenses were stable at 9.77% in FY2024 and 9.83% in FY2023. The increase in research and development expenses was primarily due to higher average headcount as we begin to deliver and commercialise the advanced technologies in areas of No Code Development, Artificial Intelligence, Internet of Things and Digital Twin. We expect that research and development expenses will likely remain consistent as a percentage of revenue in the near term as we continue to invest in technology to support the development of new, and improve existing, technologies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Sales and marketing expenses were S\$2,924,272 for FY2024, compared to S\$2,726,328 for FY2023, an increase of S\$197,944 or 7.26%. As a percentage of total revenue, sales and marketing expenses were stable at 10.95% in FY2024 and 11.46% in FY2023. The increase in sales and marketing expenses was primarily due to costs incurred for our major technology marketing event Breaking Boundaries 2023 held in Singapore in July 2023, as well as the opening of our new office in Japan in January 2024. We expect sales and marketing expenses to increase in absolute dollars as we continue to invest in our domestic and international selling and marketing activities to expand awareness of our brand and product offerings to attract new and existing customers.

General and administrative expenses were S\$7,397,154 for FY2024, compared to S\$6,438,853 for FY2023, an increase of S\$958,301 or 14.88%. As a percentage of total revenue, general and administrative expenses were also stable at 27.70% in FY2024 and 27.05% in FY2023. The increase in general and administrative expenses was primarily due to granting of the Post-IPO Employee Share Options, administrative overhead and professional fees to support our SOC2 and ISO compliance requirements, legal and other professional fees for listing compliance (including amendments to our constitution), as well as a fee increase for our non-executive Directors of the Board. We expect general and administrative expenses will continue to increase in absolute dollars as we invest in our general and administrative organisations to support business growth.

### Operating Income and Operating Margin

Our operating income and margin for FY2024 and FY2023, were as follows:

	FY2024	FY2023	Variance (absolute)	Variance (%)
Operating income (S\$)	515,052	349,505	165,547	47.37
Operating margin (%)	1.93	1.47	0.46	31.36

Operating income increased from S\$349,505 (or 1.47%) of revenue in FY2023, to S\$515,052 (or 1.93%) of revenue in FY2024, primarily due to our revenue growth outpacing growth of operating expenses.

### Other Income and Expenses

	FY2024 S\$	FY2023 S\$	Variance S\$	Variance (%)
Other revenue	407,920	478,522	(70,602)	(14.75)
Other losses	(96,438)	(251,699)	155,261	61.69

Other revenue consists mainly of government grants and interest income primarily from our bank fixed deposit. Government grants decreased sharply in FY2024 at S\$121,685 compared to FY2023 at S\$408,116 because of the expiry of job growth incentive grants, broad-based cost relief from the Singapore government post COVID-19 pandemic; this decrease was offset by the increased interest income in FY2024 at S\$282,412 compared to FY2023 at S\$65,495.

Other losses consist primarily of foreign currency exchange and provision for slow moving inventory of our Starlight® business segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Liquidity, Financial Resources, and Capital Structure

As at 31 May 2024, our principal sources of liquidity were cash and cash equivalents totaling S\$11,721,559 which we held for working capital purposes and trade receivables of S\$3,822,999. We believe our existing cash and cash equivalents, trade receivables, deferred income, as well as our off-balance sheet contract backlog are sufficient to meet our working capital and capital expenditure over the next 12 months and beyond.

Our long-term future capital requirements depend on many factors, including the effects of macroeconomic trends, customer growth rates, subscription renewal activity, headcount growth, the timing and extent of development efforts, as well as the expansion of sales and marketing activities. We do not foresee any need for debt financing to serve our future capital requirements.

We monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. Included within net debt are trade and other payables and lease liabilities less cash and cash equivalents. Total equity comprises share capital plus other reserves. The gearing ratio was not disclosed in the audited financial statements as it was not meaningful because our cash and cash equivalents were higher than the total of the financial liabilities.

#### Cash Flows

Our cash flows for FY2024 and FY2023 were as follows:

	FY2024 S\$	FY2023 S\$
Net cash from/(used in)		
- Operating activities	825,263	(1,045,274)
- Investing activities	180,080	(1,958,656)
- Financing activities	(1,131,463)	(883,116)
- Effect of foreign exchange rate changes	(5,543)	(30,656)
Net decrease in cash and cash equivalents	(126,120)	(3,887,046)

#### Operating Activities

Cash from operating activities was S\$825,263 in FY2024 as compared to S\$1,045,274 cash used in operating activities in FY2023. In FY2024, the improvement in cash from operating activities was primarily due to an increase in net income and cash collections from trade receivables, partially offset by an increase in contract assets and contract liabilities.

#### Investing Activities

The net cash used in investing activities during FY2024 was primarily related to capital expenditures of S\$239,552, repayment of staff loans of S\$137,220 and interest income of S\$282,412. The cash outflow from investing activities in FY2023 was primarily due to the grant of staff loans amounting to S\$1,426,364 net of repayments.

#### Financing Activities

Cash outflow from financing activities comprised repayment of lease liabilities for our offices which was partially offset by proceeds from the exercise of share options by our employees. Repayment of lease liabilities increased in FY2024 due to the expansion of our Singapore headquarters.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Issued share capital

The capital of the Company comprises ordinary shares. On 20 May 2024, the employees of the Company exercised 113,750 share options under the 2010 Plan and 1,582,695 share options under the 2013 Plan. On 23 May 2024, the Company issued 1,696,445 new ordinary shares to its employees. As at 31 May 2024 the number of the Company's issued ordinary shares was 406,976,128.

### Significant Investment, Material Acquisitions Or Disposals of Subsidiaries and Affiliated Companies

In FY2023 we extended our operations to the Australia market through a wholly owned subsidiary in Australia. In FY2024 we further extended our operations to the Japan market through a wholly owned subsidiary in Japan with ordinary share capital of Japanese Yen 10,000,000 or approximately S\$91,400, representing 0.4% of the Group's total assets. In March 2024 we invested a further 412,000 Australian Dollar or approximately S\$366,544 in our Australia subsidiary for working capital requirements. In June 2023 we disposed our 30% stake in an associate, Real Icon Sdn Bhd, for a S\$nil consideration. Other than our investments in Australia and Japan and the disposal of our investment in an associate, we did not have any significant investments, material acquisitions and disposals of subsidiaries or capital assets for the year ended 31 May 2024.

### Future Plans for Material Investments and Capital Assets

We did not have any plans for other material investments and capital assets.

### Commitments

There was no material capital commitments as at 31 May 2024.

### Contingent Liabilities

We had no material contingent liabilities as at 31 May 2024.

### Charge on Group's Assets

As at 31 May 2024, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities.

### Capital Expenditure

Capital expenditure incurred in FY2024 amounting to S\$239,552 was primarily in respect of office capitalised Starlight® energy monitoring equipment under leasing model, servers upgrade, and office furniture.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Risk Management

The Group's main operations are in Singapore. Revenue and costs of Singapore operations are mainly denominated in Singapore Dollars ("S\$") which is also the presentation currency of the Group. The Group's operations in Malaysia, India, China, Australia, and Japan through its subsidiaries are settled in the local currencies of the respective countries.

The Group's main foreign exchange exposure is mainly its cash held in United States dollars ("US\$") which represented 11.8% of the Group's total cash and bank balances. The management was of the view that the Group did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

The Group did not have any financial instruments to hedge its foreign currency exposure. The management will, however, continue to monitor the foreign exchange exposure of the Group and will take appropriate measure to minimise the risk.

### RISK FACTORS FACED BY THE COMPANY AND RISK MITIGATION MEASURES

#### RISKS RELATING TO OUR BUSINESS

##### Market Dependency on Singapore:

Currently, over 90% of our total revenue comes from the Singapore market. While this has been favorable in the past, it also exposes us to potential risks. Any shifts in Singapore's government policies or corporate culture, as well as changes in the demand for software and IT services in the country, could adversely impact our business and financial conditions.

##### Reliance on a Single Channel Partner or Customer:

In the past, a significant portion of our revenue was derived from either a single customer or single channel partner. To address this risk, we have taken steps to diversify our customer base and reduce our dependence on any one channel partner. In FY2024, the revenue contribution from the largest customer and channel partner accounted for approximately 24.4% and 6.8% of our total revenue.

##### Talent Dependency:

Our success is highly dependent on the expertise and skills of our experienced technical staff and senior management team. Attracting and retaining competent employees is crucial for the sustained growth of our business. Intense competition for talent in our industry could pose challenges, and any failure to retain or attract suitable employees may negatively impact our business operations and results.

The Group has provided competitive compensation, incentives and benefits to retain the outstanding employees and attract new employees. Meanwhile, the Group strengthened the training of new staff in order to avoid the impact of employee turnover on business operations. The Group has also implemented employee equity incentive program to increase senior management team's loyalty.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Competition from International Vendors:

The Asian enterprise software market has historically been dominated by large international corporate vendors, though they have lacked localization and influence compared to Asian vendors like us. However, there is a possibility that these international vendors might expand their presence in the Asian market and become direct competitors. To counter this, we continually enhance our products and maintain strong customer relationships to remain competitive.

We strive to keep enhancing our products to remain competitive and we have been maintaining good customers relationship to ensure product and brand loyalty.

### Seasonal Fluctuations:

Our business experiences seasonal fluctuations, with lower sales typically observed from June to November and higher sales from December to May. Managing this seasonality is essential to prevent adverse effects on our revenue and financial condition. We maintain careful control of our operating capital to ensure sufficient cash flow during leaner months.

## RISKS RELATING TO OUR INDUSTRY

### Evolution of Industry Standards and Government Policies:

The industry we operate in is characterized by ever-evolving standards and government regulations, as well as changing market demands. Our ability to adapt rapidly to these changes and continuously improve our products' performance, features, and reliability in response to competition and market demands will be critical for our continued success. We have a dedicated team to monitor and anticipate regulatory changes, allowing us to take timely action.

In conclusion, while our business faces several risks, we have taken proactive measures to address them. We are working towards diversifying our customer and channel partner bases, retaining and attracting top talent, and continually improving our products to remain competitive in the dynamic market. Additionally, our monitoring team keeps us informed about potential changes in industry standards and regulations, enabling us to respond effectively and maintain our position as a leading player in the market.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICIES

Employee remuneration is determined by reference to market terms and the performance, qualifications and experience of the individual employee.

Remuneration includes monthly salaries, allowances, contributions on defined contribution retirement plans, performance incentives, share-based payments and other benefits.

Remuneration package is reviewed based on performance appraisals and other factors. Discretionary bonus is given based on individual performance.

The Group is also committed to the employees' continuing education and development. The Group provides in-house training to the employees to keep them abreast of the latest technological know-how. The Group also may sponsor employees to attend external training and courses.

The Company adopted the Post-IPO Share Option Schemes to promote the interests of the Company by providing eligible individuals who are responsible for the management, growth and financial success of 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.

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**180 Staff**

2023: 161 staff

**S\$17.7<sup>m</sup>**

2023: S\$15.4<sup>m</sup>

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The Group's staff strength as at 31 May 2024 was 158 in Singapore (2023: 142 staff), 19 in India (2023: 17 staff), 2 in Australia (2023: 2 staff), and 1 in Japan (2023: Nil).

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## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

#### Mr. Lee Suan Hiang, 74

Chairman & Non-Executive Director

Bachelor of Industrial Design (Engineering),  
Manchester Metropolitan University, Singapore

Date of first appointment as a director:

18 December 2013

Date of appointment as Chairman:

2 June 2014

Board committees served on

Nomination Committee (Chairman)

Present directorship in other listed companies

- Leader Environmental Technologies Ltd [Stock code: LS9] (Independent Director)
- MindChamps PreSchool Ltd [Stock code: CNE] (Independent Director)

Background and working experience

- President of Singapore Economic Development Board Society
- Member of the Board of Governors of the Chartered Management Institute
- Deputy Managing Director of the Singapore Economic Development Board (From April 1993 to January 1995)
- Chief Executive of SPRING Singapore (From April 2002 to October 2003)
- Chief Executive of the National Arts Council (From October 2003 to July 2009)
- Council member of ISO (From 2002 to 2003)
- Chief Executive of the Real Estate Developers' Association of Singapore (REDAS) (From December 2011 to April 2016)

#### Mr. Lau E Choon Alex, 51

Group Chief Executive Officer & Executive Director

Bachelor Degree in Computer Science and Electrical Engineering,  
Cornell University, USA

Master Degree in Electrical Engineering,  
Stanford University, USA

Date of first appointment as a director:

21 February 2006

Background and working experience

- Co-founder and Managing Director of Buildfolio Technologies Pte. Ltd. (From April 2000 to March 2006)

Awards

- Entrepreneur Of The Year, 2017, by Singapore Computer Society

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

#### Mr. Ong Swee Heng, 51

Group Chief Operating Officer & Executive Director

Bachelor Degree in Electrical Engineering, National University of Singapore, Singapore

Master Degree in Management of Technology, National University of Singapore

**Date of first appointment as a director:**

21 February 2006

**Background and working experience**

- Defence Engineering and Scientific Officer at the Defence Science & Technology Agency of Control Communications & Computer Systems Organization (From May 1998 to December 1999)
- Project Manager at the Defence Science & Technology Agency of Control Communications & Computer Systems Organization (From January 2000 to November 2003)
- Director of Technical Operations at Buildfolio Technologies Pte. Ltd. (From December 2003 to February 2006)

#### Mdm. Chong Yoke Sin (Dr.), 67

Non-Executive Director

Doctor of Philosophy (PhD) in Chemistry, National University of Singapore, Singapore

**Date of first appointment as a director:**

15 October 2020

**Board committees served on**

Audit Committee

**Present directorship in other listed companies**

- Wilmar Holdings Ltd [Stock code: F34] (Non Executive and Independent Director)
- Great Eastern Holdings Limited [Stock code: G07] (Non-Executive and Independent Director)

**Background and working experience**

- President of the Singapore Computer Society
- Chief of Enterprise Business of Starhub (From April 2017 to July 2019)
- Chief Executive Officer of Integrated Health Information Systems (From January 2008 to December 2016)
- Chief Executive Officer of NCS (From September 2004 to December 2007)

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

#### Mr. Wong Poh Kam (Prof.), 72

Non-Executive Director

Bachelor Degree in Physics and Electrical Engineering,  
Massachusetts Institute of Technology, USA

Master degree in Electrical Engineering and Computer Science,  
Massachusetts Institute of Technology, USA

Doctoral degree in Urban and Regional Planning,  
Massachusetts Institute of Technology, USA

**Date of first appointment as a director:**

17 October 2007

**Board committees served on**

Remuneration Committee

**Present principal commitments (other than directorship in other listed company)**

- School of Business of National University Singapore (Professor)
- BAF Spectrum Pte. Ltd. (Chairman)

**Background and working experience**

- Lecturer at Universiti Sains Malaysia (From April 1979 to June 1984)
- Senior Lecturer at School of Business of National University Singapore (From September 1988 to June 1996)
- Associate Professor at School of Business of National University Singapore (From July 1996 to December 2007)
- Professor at School of Business of National University Singapore (Since January 2008)

#### Mr. Alwi Bin Abdul Hafiz, 62

Independent Non-Executive Director

Bachelor Degree in Electrical Engineering, National University of Singapore, Singapore

**Date of first appointment as a director:**

24 November 2016

**Board committees served on**

Remuneration Committee (Chairman)  
Nomination Committee

**Present principal commitments (other than directorship in other listed company)**

- Golden Veroleum Liberia Group (Sustainability Advisor)
- Golden Agri Resources (Head of Partnerships)
- Rekanext Capital Partners Pte Ltd (Director)
- Nanyang Technological University (Trustee Emeritus)
- Mercy Relief (Director)
- New Life Stories (Director and Chairman)

**Background and working experience**

- Research associate in Booz-Allen & Hamilton Pte. Ltd. (From March 1987 to December 1987)
- Various senior management position in Hewlett-Packard, until November 2006 after 19 years
- Managing Director positions in British Standards Institution Group (From January 2007 to April 2013)

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

#### Mr. Mok Wai Seng, 57

##### Independent Non-Executive Director

Chartered Accountant (Practicing Member),  
Institute of Singapore Chartered Accountants  
Fellow, Association of Chartered Certified  
Accountants  
Fellow, Insolvency Practitioners Association of  
Singapore Limited

##### Date of first appointment as a director:

29 September 2021

##### Board committees served on

Audit Committee (Chairman)  
Nomination Committee

##### Present principal commitments (other than directorship in other listed company)

- Partner at ACFOSS Assurance (Since 2013)
- Director at ACFOSS PAC (Since 2022)

##### Background and working experience

- Director of Adept Public Accounting Corporation (now known as Reanda Adept PAC) (From August 2008 to June 2013)
- Partner at K C Yin & Co, (From January 2005 to June 2013)
- Director of INNO-SOFT Info Systems Pte Ltd (From January 2007 to June 2013)

#### Mr. Chua Leong Chuan Jeffrey, 62

##### Independent Non-Executive Director

Bachelor of Engineering (Civil & Structural), National  
University of Singapore, Singapore  
Master of Science (Real Estate), National University  
of Singapore, Singapore  
Postgraduate Diploma (Business Administration,  
Singapore Institute of Management, Singapore  
Member, Institute of Engineers, Singapore

##### Date of first appointment as a director:

29 September 2021

##### Board committees served on

Audit Committee  
Remuneration Committee

##### Background and working experience

- Senior Managing Director (Operations) of CapitaLand Limited (From January 2020 to July 2021)
- Chief Executive Officer of Ascendas Services Pte Ltd (From April 2012 -December 2019)
- Managing Director of CPG Facilities Management Pte Ltd (From March 2003 to March 2012)
- Assistant General Manager in Keppel FMO Pte Ltd (From September 2001 to February 2003)
- General Manager for Tanjong Pagar Town Council (From January 1987 to August 2001)

## DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Mr. Ho Hai Aik****Head of Business Consulting  
Anacle Systems Limited**

Hai Aik is primarily responsible for the project management, business consulting, pre-sales support and business development of the Company.

Hai Aik has more than 23 years of experience in IT and business consulting. From June 2000 to February 2003, Hai Aik worked as an IT associate (business development) at Cyber-IB Pte. Ltd., a company engaged in providing IT- based consulting services, where he was responsible for project management, business consulting, pre-sales and business development. He had then worked at Buildfolio as a consultant from March 2003 to June 2006, during which he was responsible for project management, account management, pre-sales support and business development.

Hai Aik graduated from Nanyang Technological University in Singapore with a bachelor's degree in Civil Engineering. He also obtained a specialist diploma in e-Commerce from Nanyang Polytechnic in Singapore and a graduate diploma in Business and Finance from Management Development Institute of Singapore which is recognised by Southern Cross University in Australia.

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**Ms. Sylvia Sundari Poerwaka****Chief Financial Officer and Joint Company Secretary  
Anacle Systems Limited**

Sylvia is responsible for overseeing the finance department with the major duty in the area of financial management of the Company.

Sylvia started as an audit assistant in Kong, Lim & Partners, LLP, a chartered accounting firm in Singapore, in November 2008 and was promoted to audit senior from December 2009, during which she was responsible for financial statement audit and audit planning. Sylvia worked as the supervisor of the accounts and tax department at the same firm from December 2010 to February 2012.

Sylvia obtained her bachelor's degree in Mathematics and Computer Science from King's College London of the University of London in the United Kingdom in July 1998. Sylvia completed the Association of Chartered Certified Accountants examination in February 2009, an ISO 9001:2008 quality management system internal control auditor course in September 2012, and an ISO 27001:2013 information security management system in January 2021. Sylvia has been a member of the Institute of Singapore Chartered Accountants since July 2013.

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## DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

#### **Mr. Li Shan**

**Senior Principal Software Architect  
Anacle Systems Limited**

Li Shan has more than 18 years of experience in software design and development. From May 2005 to June 2006, Li Shan had worked as a software engineer at Buildfolio where he was responsible for software development. Li Shan had then worked as a software engineer at United Premas Limited, a company engaged in offering real estate management and development services, from June 2006 to January 2008, during which he was responsible for software development.

Li Shan graduated from Nanyang Technological University in Singapore with a bachelor's degree in Computer Engineering. He also obtained a master's degree in Engineering in the same university.

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#### **Mr. Jindhar Chougule**

**Vice President of Product Management  
Anacle Systems Limited**

Jindhar has more than 29 years of experience in energy management and electric metering products industry. Jindhar had worked as a technical assistant at Datapro Electronics Pvt Ltd. from July 1995 to August 2000. From September 2000 to May 2001, Jindhar worked as a senior engineer at Enercon Systems Pvt Ltd. He then worked as a manager of design and development at EMCO Limited, a company which provided products and solutions for power generation, transmission, distribution utilities and industry, from June 2001 to November 2003.

From December 2003 to March 2010, Jindhar worked as a technology specialist at B.B.S. Electronics Pte Ltd., and he was responsible for the design and development of smart meters, technical marketing and product certification. From March 2010 to June 2010, Jindhar worked as a senior manager at Future Electronics Inc. (Distribution) Pte. Ltd. during which he was responsible for smart meter reference designs and technical marketing. He then worked at B.B.S. Access Pte. Ltd., a company specialising in the development of infrastructure, systems and accessories for telecommunication and utility measurement, as a solution architect from June 2010 to February 2014.

Jindhar obtained a Diploma in Electronics and Communication Engineering from the Board of Technical Examinations of the Government of Maharashtra, India.

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## CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for the financial year ended 31 May 2024 (the “FY2024”).

### CORPORATE GOVERNANCE PRACTICES

The Group’s corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix C to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“GEM Listing Rules”).

The Company is committed to fulfilling its responsibilities to its shareholders (the “Shareholders”) and protecting and enhancing Shareholders’ value through solid corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control and risk management procedures of the Group so as to achieve effective accountability.

During the year ended 31 May 2024, the Group has complied with all applicable code provisions of the CG Code.

### CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director’s securities transactions during FY2024.

### BOARD OF DIRECTORS

#### Responsibilities

The Board of Directors (the “Board”) is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group’s values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives.

The functions performed by the Board include but are not limited to formulating the Group’s business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group’s corporate governance practices and all other functions reserved to the Board under the Company’s constitution (the “Constitution”). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Board has established that the Company’s purposes are (i) to be a socially positive contribution to our planet and human civilisation, (ii) to provide quality and practical technology solutions that provide the highest return on investment for our customers in our target industries, and (iii) to grow in a fiscally responsible fashion for our stakeholders including shareholders, employees, customers and suppliers.

## CORPORATE GOVERNANCE REPORT

The Board has established that the Company's values are (i) to be a force for social and environmental good, (ii) to constantly innovate and stay at the forefront of technology, (iii) to relentlessly focus on product quality as well as practicality, (iv) to foster a culture of impeccable integrity and transparency, (v) to promote a diverse workforce and (vi) to provide a conducive and nurturing environment for our talent base to develop to their fullest potential.

The Board has established that the guiding principles behind the Company's strategies are

- (i) to ensure customer success above all:  
The Company must price customer success above profit; a loyal customer will always return long term recurring profit and generate powerful word of mouth in the market.
- (ii) to build products that serve a real need, with superior user experience:  
Products that serve a real need and solve real pain always provide the greatest value to customers; focusing on superior user experience removes frustration and builds a fanbase.
- (iii) to deliver our products with speed and nimbleness:  
The faster and nimbler the Company delivers, the faster the customer realises value, and the faster the Company can realise profit.
- (iv) to always provide responsible pricing and quality:  
Reasonable pricing with a relentless focus on quality removes the urge to cut corners, and builds a sustainable and long-term relationship with the customers.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

### Composition of the Board

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this report, the Board comprises the following eight Directors, of which the non-executive Directors and the independent non-executive Directors represent over 60% of the Board members:

#### Executive Directors

Mr. Lau E Choon Alex (*Chief Executive Officer*)  
Mr. Ong Swee Heng (*Chief Operating Officer*)

#### Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)  
Prof. Wong Poh Kam  
Dr. Chong Yoke Sin

#### Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz  
Mr. Mok Wai Seng  
Mr. Chua Leong Chuan Jeffrey

The biographical details of each of the Directors are set out in the section headed "**Directors and Senior Management**" of this annual report.

## CORPORATE GOVERNANCE REPORT

No Board member has any relationship (including financial, business, family, or other material relationships) with the other Board members and the chief executive officer of the Company (the “Chief Executive Officer”).

During the year ended 31 May 2024, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, accounting for at least one third of the Board, with at least one independent non-executive Director possessing the appropriate professional qualifications, accounting or related financial management expertise.

### Directors' Training and Continuing Professional Development

In order to be able to discharge their responsibilities well, the Company encourages our Directors to keep themselves continually apprised and updated on the latest legal, regulatory and business developments.

The Company requested all Directors to provide their respective training records pursuant to the Code. During the year, the Directors have confirmed their participation in appropriate continuous professional development activities by attending seminars or self-study.

### Directors' Attendance at Board Meeting

The Board held meetings on 4 October 2023, 12 October 2023, 27 December 2023, 3 April 2024, 13 August 2024, and 21 August 2024 to, amongst other matters, discuss and approve (i) the Group's unaudited consolidated financial results for the three months ended 31 August 2023, the six months ended 30 November 2023 and the nine months ended 29 February 2024; (ii) the engagement of independent auditor for FY2024; (iii) the audited consolidated financial statements of the Group for FY2024; (iv) the grant of 8,915,849 share options to three employees and two members of senior management of the Company, the conditional grant of 16,000,000 share options to two executive Directors of the Company, the conditional grant of 5,000,000 share options to one employee of the Company, and the conditional grant of 10,000,000 share options to two members of senior management of the Company; (v) the proposed amendments to the constitution of the Company; (vi) an extraordinary general meeting of the Company be convened for the Shareholders to approve the conditional grant of the share options and the adoption of the new constitution; (vii) matters relating to the Company's announcement on 13 August 2024 pursuant to Rule 3.7 of the Takeovers Code; (viii) the assessment of the effectiveness of the risk management and internal control systems of the Group; and (ix) the evaluation and drafting of the Environmental, Social and Governance Report for FY2024.

The attendance of each Director at the Board meetings during FY2024 and up to the date of this annual report is as follows:

Directors	Number of board meetings attended/held
<b>Executive Directors</b>	
Mr. Lau E Choon Alex	6/6
Mr. Ong Swee Heng	6/6
<b>Non-Executive Directors</b>	
Mr. Lee Suan Hiang (Chairman)	6/6
Prof. Wong Poh Kam	4/6
Dr. Chong Yoke Sin	6/6
<b>Independent Non-Executive Directors</b>	
Mr. Alwi Bin Abdul Hafiz	6/6
Mr. Mok Wai Seng	6/6
Mr. Chua Leong Chuan Jeffrey	5/6

## CORPORATE GOVERNANCE REPORT

During FY2024, the Company held an annual general meeting of the shareholders on 13 October 2023 and an extraordinary general meeting of the Shareholders on 8 December 2023.

### **Independent Non-Executive Directors**

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, enabling the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this annual report.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

According to the code provision C.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer shall be separate and should not be performed by the same individual. During FY2024, the Chairman of the Company was Mr. Lee Suan Hiang and the Chief Executive Officer of the Company was Mr. Lau E Choon Alex. Provision C.2.1 of the Code has therefore been complied with.

### **NON-EXECUTIVE DIRECTORS**

The non-executive Directors, Mr. Lee Suan Hiang, Prof. Wong Poh Kam, and Dr. Chong Yoke Sin have signed a letter of appointment with the Company for a term of three years subject to termination in certain circumstances as stipulated in the letter of appointment.

### **APPOINTMENT AND RE-ELECTION OF THE DIRECTORS**

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing, subject to termination in certain circumstances as stipulated in the relevant letter of appointment.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the agreements/ letters of appointment expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation.

All Directors, including independent non-executive Directors, are subject to retirement by rotation and eligible for re-election in accordance with the Constitution. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. The Directors to retire by rotation shall include (so far as necessary to obtain the number of Directors required to retire by rotation) any Director who wishes to retire and not to offer himself for re-election but shall not include any Director who is due to retire at the AGM by reason of age.

## CORPORATE GOVERNANCE REPORT

Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment or have been in office for the three years since their last election. As between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next AGM after his appointment and shall then be eligible for re-election at such meeting but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Mr. Lee Suan Hiang, Mr. Mok Wai Seng, and Mr. Chua Leong Chuan Jeffrey will retire by rotation (the “Retiring Directors”) at the forthcoming 2024 annual general meeting of the Company which is to be held on 27 September 2024 (the “2024 AGM”). Mr. Lee Suan Hiang, Mr. Mok Wai Seng, and Mr. Chua Leong Chuan Jeffrey being eligible, will offer themselves for re-election at the 2024 AGM. The Company’s circular, will be sent together with the Company’s 2024 annual report, contains the detailed information of such Retiring Directors as required by the GEM Listing Rules.

### DIRECTORS’ LIABILITY INSURANCE

The Company has arranged appropriate insurance to cover the liabilities in respect of legal action against the Directors and officers of the Company that may arise out of the corporate activities. The insurance coverage is reviewed and renewed annually.

### BOARD COMMITTEES

The Board established three committees, namely the audit, remuneration and nomination committees, to oversee particular aspects of the Group’s affairs.

Each of the three committees has its specific terms of reference relating to its authority and duties.

The majority of members of the audit, remuneration and nomination committees are independent non-executive Directors.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, they are able to seek independent professional advice in appropriate circumstances at the Company’s expense. The Board committees will report back to the Board on their decisions or recommendations.

#### Remuneration Committee

The remuneration committee (the “Remuneration Committee”) was established on 24 November 2016 with written terms of reference in compliance with provision E.1.2 of the CG Code.

The Remuneration Committee’s terms of reference include, but not limited to:

- making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and establishing a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management’s remuneration proposals with reference to the Board’s goals and objectives;
- making recommendations to the Board on the remuneration packages of for all Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and

## CORPORATE GOVERNANCE REPORT

- ensuring that no Director or any of his/ her associates (as such term is defined in the Rules Governing the Listing of Securities on the GEM of the HKEx (the “Listing Rules”) is involved in deciding his/ her own remuneration.

The Remuneration Committee consists of Mr. Alwi Bin Abdul Hafiz, Prof. Wong Poh Kam, and Mr. Chua Leong Chuan Jeffrey. Mr. Alwi Bin Abdul Hafiz is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year. The Remuneration Committee held two meetings on 21 August 2024 and 12 October 2024 to review and recommend to the Board for consideration, certain remuneration-related matters of the Directors and the senior management of the Company and the grant of 8,915,849 share options to three employees and two members of senior management of the Company, the conditional grant of 16,000,000 share options to two executive directors of the Company, the conditional grant of 5,000,000 share options to one employee of the Company, and the conditional grant of 10,000,000 share options to two members of senior management of the Company. The attendance of each committee member during FY2024 is as follows:

Remuneration Committee members	Number of meetings attended/held
Mr. Alwi Bin Abdul Hafiz (Chairman)	2/2
Prof. Wong Poh Kam	2/2
Mr. Chua Leong Chuan Jeffrey	2/2

### Audit Committee

The audit committee (the “Audit Committee”) was established on 24 November 2016 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and provision D.3.3 of the CG Code.

The primary responsibilities of the Audit Committee are to assist the Board in providing an oversight of the effectiveness of the Group’s financial reporting process, internal control and risk management system, to review the financial information of the Group and to liaise with the auditors to discuss audit matters.

The Audit Committee consists of two independent non-executive Directors, Mr. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey, and one non-executive Director, Dr. Chong Yoke Sin. The chairman of the Audit Committee is Mr. Mok Wai Seng, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. None of the members of the Audit Committee are former partners of the Company’s existing external auditors.

The Audit Committee shall meet at least twice a year. The Audit Committee held meetings on 4 October 2023, 27 December 2023, 3 April 2024 and 21 August 2024 and amongst other matters, considered and approved for presentation to the Board for consideration and approval, the draft unaudited consolidated financial results for the three months ended 31 August 2023, the six months ended 30 November 2023, the nine months ended 29 February 2024, and the audited consolidated financial results for FY2024, reviewing the Company’s financial controls, internal control and risk management systems, reviewing and monitoring the Company’s policies and practices on compliance with legal and regulatory requirements.

## CORPORATE GOVERNANCE REPORT

The attendance of each committee member during FY2024 is as follows:

<b>Audit Committee members</b>	<b>Number of meetings attended/held</b>
Mr. Mok Wai Seng ( <i>Chairman</i> )	4/4
Dr. Chong Yoke Sin	4/4
Mr. Chua Leong Chuan Jeffrey	3/4

### **Nomination Committee**

The nomination committee (the "Nomination Committee") was established on 24 November 2016 with written terms of reference in compliance with provision B.3.1 of the CG Code.

The Nomination Committee's terms of reference include, but not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the group managing Director;
- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and
- assessing the independence of independent non-executive Directors.

The Nomination Committee consists of Mr. Lee Suan Hiang, Mr. Alwi Bin Abdul Hafiz, and Mr. Mok Wai Seng. Mr. Lee Suan Hiang is the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year. The Nomination Committee held a meeting on 21 August 2024, amongst other matters, reviewed the structure, size, diversity, and composition of the Board, assessed the independence of the independent non-executive Directors and recommended to the Board for consideration the re-appointment of the Retiring Directors at the 2024 AGM.

The attendance of each committee member during FY2024 is as follows:

<b>Nomination Committee members</b>	<b>Number of meetings attended/held</b>
Mr. Lee Suan Hiang ( <i>Chairman</i> )	1/1
Mr. Alwi Bin Abdul Hafiz	1/1
Mr. Mok Wai Seng	1/1



## CORPORATE GOVERNANCE REPORT

### Corporate Governance Functions

The Board recognises that corporate governance should be the collective responsibility of the Directors which include but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

### BOARD DIVERSITY POLICY

The Company adopted a Board Diversity Policy and discussed all measurable objectives set for implementing the same .

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural and educational background, industry experience and professional experience.

As at the date of this annual report, the Board comprises eight Directors, one of whom is female. As such, the Board has achieved gender diversity in respect of the Board. We will continue to strive to enhance female representation over time as and when suitable candidates are identified and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices.

As at 31 May 2024, the gender ratio in the workforce (including senior management) of the Company of female and male are 37 % and 63%, which the Board considers to reflect that a gender equality principle has been adhered to by the Group. The Board has not identified any challenges for maintaining gender diversity in the workforce so far.

### THE NOMINATION POLICY

The Nomination Policy aims at improving the transparency around the process by setting out the criteria and factors to be taken into account by the Nomination Committee in selecting and recommending candidates as Directors (including non-executive Directors and independent non-executive Directors).

In identifying and recommending suitably qualified candidates to become members of the Board, the Nomination Committee will give adequate consideration to the Board Diversity Policy and the Nomination Policy. A number of factors will be taken into account, including but not limited to age, skills, regional and industry experience, cultural and educational background, race, gender and other qualities. In forming its perspective on diversity, the Nomination Committee will also take into account factors based on the Company's own business model and specific needs from time to time.

The Board Diversity Policy and the Nomination Policy have been reviewed and shall continue to be reviewed on a regular basis.

## CORPORATE GOVERNANCE REPORT

### BOARD INDEPENDENCE POLICY

The Company has adopted a Board Independence Policy to ensure independent views are available to the Board. Under the policy, the Nomination Committee shall put emphasis on whether the composition of executive and non-executive Directors (including independent non-executive Directors) is balanced and shall ensure that there is a strong independent element on the Board. All Directors (including the independent non-executive Directors) are given opportunities to include matters in the agenda for regular Board meetings. Upon a reasonable request of any Director, the Board shall resolve to provide separate independent professional advice, at the Company's expenses.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the effectiveness of the Group's risk management and internal control systems.

The risk management process includes risk identification, risk evaluation, risk management and risk control and review. The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority.

The Group has conducted a review of the implemented systems and procedures, including areas covering financial, operational, legal compliance controls and risk management functions. The systems are implemented to minimize the risk to which the Group is exposed and is used as a management tool for the day-to-day operation of business. The systems can only provide reasonable but not absolute assurance against misstatement or losses.

The Group has engaged an independent professional party, KLP LLP (the "IA"), to perform the internal audit functions and evaluate the risk management and internal control systems of the Group. The IA reports directly to the Audit Committee and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the Audit Committee periodically. The IA completed a review for FY2024 in accordance with the internal audit plan developed and approved by the Audit Committee.

The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal, external auditors and reviews performed by management, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code during FY2024.

## CORPORATE GOVERNANCE REPORT

### DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors, the Joint Company Secretaries and the financial controller of the Company are authorised to communicate with parties outside the Group.

### DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the consolidated financial statements of the Company for FY2024.

The Board is responsible to present a balanced, clear and understandable assessment in the Company’s annual and interim reports, price-sensitive announcement and other financial disclosures required under the GEM Listing Rules and other requirements under relevant applicable regulations. Senior management provides explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information.

As at 31 May 2024, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company for FY2024 on a going concern basis.

The responsibilities of BDO Limited, the independent auditor of the Company, regarding their financial reporting on the Group’s consolidated financial statements for FY2024 are set out in the independent auditor’s report contained in this annual results announcement.

### REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors’ remuneration for FY2024 are set out in note 11 to the audited consolidated financial statements of this annual report.

The remuneration of the members of the senior management (other than the Directors) for FY2024 by band is as follows:

Remuneration band in HK\$	Number of individuals
HK\$ 1,000,001 to HK\$ 1,500,000	1
HK\$ 1,500,001 to HK\$ 2,000,000	2
HK\$ 2,000,001 to HK\$ 2,500,000	1

## CORPORATE GOVERNANCE REPORT

### INDEPENDENT AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's independent auditors, BDO Limited and BDO LLP, in respect of their audit services and non-auditing services for FY2024 was S\$240,000.

### JOINT COMPANY SECRETARIES

The Company has appointed Ms. Sylvia Sundari Poerwaka ("Ms. Poerwaka") as one of the Joint Company Secretaries since 24 November 2016, who has sound understanding of the operations of the Board and the Group.

Ms. Poerwaka, the financial controller of the Group, joined the Group in March 2012 and is responsible for overseeing the finance department with the major duty in the area of financial management in the Company. She has been a member of the Institute of Singapore Chartered Accountants since July 2013.

Ms. Poerwaka does not possess the specified qualifications for a company secretary as required by Rule 5.14 of the GEM Listing Rules. During FY2024, Ms. Poerwaka did not meet the required 15 hours of professional training under Rule 5.15 of the GEM Listing Rules. The Company shall endeavour to ensure that, in the immediate next financial year and in the subsequent years, Ms. Poerwaka be allocated sufficient time away from her duties to attend courses and seminars. Given the important role of the company secretary in the corporate governance function of the Company, particularly in assisting the Company and the Directors in complying with the GEM Listing Rules and other relevant laws and regulations, the Company has also appointed Ms. Tsang Oi Yin ("Ms. Tsang"), who meets the requirement under Rule 5.14 of the GEM Listing Rules, as the other Joint Company Secretary, with effect from 1 December 2023, to work closely with and provide assistance to Ms. Poerwaka in discharge of the latter's duties and responsibilities as a Joint Company Secretary. The primary person at the Company with whom Ms. Tsang has been contacting in respect of company secretarial matters is Ms. Poerwaka.

Ms. Tsang is an associate member of both The Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom. Ms. Tsang obtained a bachelor's degree in international business from the University of South Australia in 2006. Ms. Tsang attended over 15 hours of relevant continuous professional development training during FY2024.

All Directors have access to the advice and services of the Joint Company Secretaries to ensure that Board procedures and all applicable law, rules and regulations are followed.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

#### Procedures for Putting Forward Proposals at Shareholders' Meetings

There are no provisions allowing Shareholders to make proposals or move resolutions at the AGMs under the Constitution or the laws of the Republic of Singapore. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") in accordance with the "Procedures for Shareholders to Convene an EGM" set out below.

#### Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the total number of paid-up Shares carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to require an EGM to be called by the Board or the Joint Company Secretaries for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the registered office and principal place of business of the Company in Singapore at 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633, for the attention of the Joint Company Secretaries.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Joint Company Secretaries will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition.

On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) or any of them representing more than 50% of the total voting rights of all of them, may in the same manner as nearly as possible as that in which EGMs are to be convened by the Directors convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from that date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

## CORPORATE GOVERNANCE REPORT

### Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by addressing them to the registered office and principal place of business of the Company in Singapore at 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633, by post or by email to [info@anacle.com](mailto:info@anacle.com), for the attention of the Joint Company Secretaries.

Upon receipt of the enquiries, the Joint Company Secretaries will forward the communications relating to:

- the matters within the Board's purview to the executive Directors;
- the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
- ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

### SHAREHOLDER COMMUNICATION POLICY

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

### CONSTITUTIONAL DOCUMENTS

At the extraordinary general meeting held on 8 December 2023, a special resolution to adopt the New Constitution was passed by the shareholders of the Company. The New Constitution were amended for the purposes of, among others, (i) reflecting certain amendments made to the GEM Listing Rules, including the latest amendments made to the core shareholder protection standards set out in Appendix 3 to the GEM Listing Rules; (ii) reflecting certain updates to the applicable laws of Singapore; and (iii) incorporating certain minor consequential and tidying-up amendments for house-keeping purposes. Please refer to the circular of the Company dated 8 November 2023 for further details.

Save as disclosed above, there was no change of in Constitution during FY2024.

The Constitution is available on the respective websites of the Stock Exchange and the Company.

## CORPORATE GOVERNANCE REPORT

### INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications.

As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to visit the Company's website at [www.anacle.com](http://www.anacle.com) to obtain up-to-date information regarding the Company.



## DIRECTORS' REPORT

The Board is pleased to present the annual results and the audited consolidated financial statements of the Group for the financial year ended 31 May 2024 (“FY2024”).

### PRINCIPAL ACTIVITIES

The principal activities of the Company are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services. Details of the principal activities of the Company and the principal activities of the subsidiaries and the associates are set out in notes 1, 19 and 18 to the consolidated financial statements in this annual report. There were no significant changes to the Group's principal activities during FY2024.

### BUSINESS REVIEW

A review of the Group's performance, business activities and development is set out in the “**Letter from the CEO**” section on page 5, and the “**Management Discussion and Analysis**” section on pages 8 to 19 of this annual report.

### RESULTS AND DIVIDENDS

The Group's financial performance for FY2024 is set out in the consolidated statement of comprehensive income on page 77 of this annual report and the consolidated statement of financial position of the Group as at 31 May 2024 on pages 78 to 79 of this annual report.

The Directors have resolved not to declare the payment of a final dividend for FY2024 (2023: Nil).

### CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 27 September 2024 (the “**2024 AGM**”). For determining the entitlement of the shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 24 September 2024 to Friday, 27 September 2024, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for attending and voting at the 2024 AGM, non-registered shareholders of the Company must lodge all duly completed and signed share transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 23 September 2024.

### CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 May 2024, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

### KEY RISKS AND UNCERTAINTIES

Details of risk factors faced by the Company and the risk mitigation strategies are set out in the “**Management Discussion and Analysis**” section on pages 17 to 18 of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's plant and equipment during FY2024 are set out in note 15 to the consolidated financial statements in this annual report.



## DIRECTORS' REPORT

### **BANK BORROWINGS**

As at 31 May 2024, the Group did not have any bank borrowings (2023: Nil).

### **SHARE CAPITAL**

Details of the Company's share capital as at 31 May 2024 are set out in note 30 to the consolidated financial statements in this annual report.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's constitution. However, the Company will comply with the Singapore Companies Act and Rules 17.39 to 17.42B of the GEM Listing Rules in relation to pre-emptive rights and the general manda granted to the Directors to issue Shares pursuant to the written resolutions of the shareholders dated 24 November 2016.

### **PURCHASE, SALE, OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

On 20 May 2024, a total of 1,696,445 Pre-IPO share options were exercised by two members of senior management of the Company and one current employee of the Company, and new shares were issued on 23 May 2024.

Other than the aforesaid share issuance, the Company did not repurchase nor redeem any of its listed securities, nor did the company or any of its subsidiaries sell such securities.

### **RESERVES**

Details of movements in reserves of the Group is set out in "**Consolidated Statement of Changes in Equity**" on page 80. Details of movements in reserves of the Company is set out in note 32 to the consolidated financial statements in this annual report.

### **DISTRIBUTABLE RESERVES**

As at 31 May 2024, the Company had no distributable reserves.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During FY2024, sales to the Group's five largest customers accounted for approximately 56.8% (2023: 49.4%) of total sales and sales to the largest customer amounted to approximately 24.4% (2023: 18.6%) of total sales.

The Group's five largest suppliers accounted for approximately 49.0% (2023: 45.7%) of total purchases during FY2024 and purchases from the largest supplier amounted to approximately 11.9% (2023: 20.1%) of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during FY2024.

## DIRECTORS' REPORT

### DIRECTORS

The Directors who held office during FY2024 and up to the date of this annual report were as follows:

#### Executive Directors

Mr. Lau E Choon Alex

Mr. Ong Swee Heng

#### Non-Executive Directors

Mr. Lee Suan Hiang (Chairman)

Prof. Wong Poh Kam

Dr. Chong Yoke Sin

#### Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Mok Wai Seng

Mr. Chua Leong Chuan Jeffrey

At least one-third of the Directors shall retire from office by rotation and re-election at each annual general meeting of the Company in accordance with the Company's constitution, providing that every Director shall be retire at least once every three years.

In accordance with regulations 98 and 99 of the Company's constitution, Mr. Lee Suan Hiang, Mr. Mok Wai Seng, and Mr. Chua Leong Chuan Jeffrey will retire by rotation at the 2024 AGM. Each of Mr. Lee Suan Hiang, Mr. Mok Wai Seng, and Mr. Chua Leong Chuan Jeffrey being eligible, will offer themselves for re-election at the 2024 AGM.

### DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 20 to 25 of this annual report.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the date of his appointment/redesignation as an executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any executive Director not less than one month's prior notice in writing or (ii) any executive Director giving to the Company not less than one month's prior notice in writing.

Each of the non-executive Directors has entered into an appointment letter with the Company for an initial period of three years commencing from the date of his/her appointment as a non-executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any non-executive Director not less than one month's prior notice in writing or (ii) any non-executive Director giving to the Company not less than one month's prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial period of three years commencing from the date of his appointment as an independent non-executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any independent non-executive Director not less than one month's prior notice in writing or (ii) any independent non-executive Director giving to the Company not less than one month's prior notice in writing.

None of the Directors has entered into any service agreements with the Company which is not determinable by the Group within one year without payment of compensation other than the statutory compensation.

## DIRECTORS' REPORT

### CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a written annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

### COMPETING INTERESTS

During FY2024, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/ or caused any conflicts of interest with the Group.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors, the controlling shareholders, nor their respective associates had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during FY2024.

### EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing and determining the Group's emolument policy and structure for all remuneration of the Directors and senior management based on the Group's operating results, individual performance and comparable market practices.

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in notes 11 and 12 to the consolidated financial statements in this annual report.

### MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during FY2024.

### PERMITTED INDEMNITY PROVISION

Appropriate Directors' liability insurance cover has been arranged by the Company to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

### DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

On 28 November 2016, Mr. Lau E Choon Alex, Mr. Ong Swee Heng, Mr. Ho Hai Aik, Ms. Ng Ying Ling, Mr. Chew Chung Hon, Mr. Arnold Tan Kim Hong, Mr. Ng Sah Keong, and Ms. Seow Ho Yien (the "Controlling Shareholders") entered into a deed of non-competition ("Deed of Non-Competition") in favour of the Company, pursuant to which each of the Controlling Shareholders has irrevocably undertaken to the Company (for itself and on behalf of each other member of the Group) that from the Listing Date, he/she/ it would not, and would procure that his/her/its associates (except any members of the Group) would not directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes, or is likely to compete, either directly or indirectly, with our business or the business of any members of the Group from time to time. Each Controlling Shareholder has confirmed to the Company of his/ her/ its compliance during FY2024. The independent Board has reviewed and confirmed that the aforesaid undertakings have been complied with.

## DIRECTORS' REPORT

### 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. The persons eligible to receive grants of Pre-IPO shares options are limited to (a) officers and Directors who render services that contribute to the success and growth of the Company or that reasonably may be anticipated to contribute to the future success and growth of the Company; or (b) non-executive Directors, independent consultants or advisor, or independent contractors who provide valuable services to 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 maybe 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 day on which the Company become listed on a stock exchange.

No share options were available for grant under the Pre-IPO Employee Share Ownership Plans as of 1 June 2023 and 31 May 2024. All the outstanding Pre-IPO share options had been exercised on 20 May 2024 and 1,696,445 shares were issued on 23 May 2024. As at the date of share options being exercised, the weighted average exercise price of the Pre-IPO share options was S\$0.063 and the closing market price per share was S\$0.062.

#### 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 purpose of Post-IPO Share Option Scheme is to motivate Eligible Persons (as defined below) to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The Board may, at its sole discretion, invite any Director or proposed director (including an independent non-executive Director) of any member of our Group, any executive Director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "Employee"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group (an "Executive"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of our Group, or Close Associate (as defined under the GEM Listing Rules) of any of the foregoing persons (together, the "Eligible Persons").

## DIRECTORS' REPORT

### SHARE OPTION SCHEMES (Continued)

#### Post-IPO Share Option Schemes (Continued)

The maximum number of Shares to be issued upon exercise of all Post-IPO Share Options which may be granted under the Post-IPO Share Option Scheme (and under any other Post-IPO share acquisition right schemes) shall not in aggregate exceed 10% of the Shares in issue immediately after completion of the Placing and as at the Listing Date (the “**Scheme Mandate Limit**”), provided that our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, except that the maximum number of Shares to be issued upon exercise of all Post-IPO Share Options which may be granted under the Post-IPO Share Option Scheme (and under any other Post-IPO share acquisition right schemes of our Company) shall not exceed 10% of the Shares in issue as at the date of approval by our Shareholders in general meeting where such limit refreshed.

The maximum number of Shares issued and to be issued upon exercise of the Post-IPO Share Options granted to any one Eligible Person (including exercised and outstanding Post-IPO Share Options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of Post-IPO Share Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Post-IPO Share Options granted and which may be granted to such Eligible Person (including exercised, cancelled and outstanding Post-IPO Share Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his close associates (or his associates of such Eligible Person is a connected person) abstaining from voting.

In determining the grant of the share options to the grantees, the Remuneration Committee of the Board (the “**Remuneration Committee**”) considered various factors including the length of service of each grantee and his/her contribution to the Group's business.

An offer of the grant of Post-IPO Share Options shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Post-IPO Share Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant is received by the Company within the period specified in the offer letter for the grant of the Post-IPO Share Options.

As at 1 June 2023, 39,915,849 share options were available for grant under the Post-IPO Share Options Scheme.

The Board of Director of the Company granted/conditionally granted an aggregate of 39,915,849 Post-IPO Share Options (the “**2023 Plan**”) to 10 eligible participants on 12 October 2023 (the “**Grant Date**”). 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 share options, 31,000,000 share options were approved by Shareholders 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.

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.

## DIRECTORS' REPORT

### SHARE OPTION SCHEMES (Continued)

#### Post-IPO Share Option Schemes (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. 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

There are no performance targets attached to the grant of the Post-IPO Share Options. The Remuneration Committee is of the view that: (i) as the value of the Share Options is linked to future share price driven by performance of the Company, the grant of the Share Options will align the grantees' interests with those of the Company and its shareholders (the “**Shareholders**”), and the grantees will be motivated to optimise their future contributions towards the performance, growth and success of the Group; and (ii) as the share options will be vested in batches, it is consistent with the purpose of the Share Option Scheme to attract and retain individuals with experience and ability for the long-term development of the Group.

Details of the grants and movements in the number of share options under the 2023 Plan to the Company's Directors and employees which exceed the 1% limit are set out below:

Category of participants	Date of Grant	Number of share options awarded	Vesting period	Vested during the year	Exercised during the year	At end of the year	Exercise price	Closing price immediately before the Grant Date
Executive Directors	12 Oct 2023	16,000,000	12 Oct 2023-12 Oct 2027	-	-	16,000,000	HK\$0.256	HK\$0.250
Senior management	12 Oct 2023	10,000,000	12 Oct 2023-12 Oct 2027	-	-	10,000,000	HK\$0.256	HK\$0.250
Employee	12 Oct 2023	5,000,000	12 Oct 2023-12 Oct 2027	-	-	5,000,000	HK\$0.256	HK\$0.250

As at 31 May 2024, the total number of shares available for issue under the 2023 Plan were 39,915,849, representing approximately 9.81% of the number of ordinary shares in issue. The estimated fair values of the options granted on that date is approximately S\$983,600 (equivalent to HK\$5,644,000). These fair values were calculated using the Black-Scholes pricing model. No share option under the 2023 Plan was exercised, lapsed or cancelled during FY2024.

Save as disclosed above, at no time during FY2024 was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

## DIRECTORS' REPORT

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

As at 31 May 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 (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 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 / Chief Executive	Capacity / Nature of interest	Number of Shares interested	Number of underlying Shares interested <sup>(2)</sup>	Total interest	Approximate percentage of the Company's issued Shares <sup>(1)</sup>
Mr. Lau E Choon Alex <sup>(3)</sup> ("Mr. Lau")	Beneficial interest	45,572,000	10,000,000	60,572,000	14.88%
	Interest of spouse	-	5,000,000		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	6,000,000	28,750,000	7.06%
Prof. Wong Poh Kam ("Prof. Wong")	Beneficial interest	22,993,900	-	22,993,900	5.65%

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 406,976,128 as at 31 May 2024.

(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.

## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVE'S 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 31 May 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 <sup>(1)</sup>	Exercise price per Share <sup>(2)</sup>
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)

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 406,976,128 as at 31 May 2024.

(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 and to the best knowledge of the Directors, as at 31 May 2024, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and 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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



## DIRECTORS' REPORT

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 May 2024, so far as is known to the Directors, the following entities/persons (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:

#### Long Positions in the Shares

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 <sup>(4)</sup>
Ng Yen Yen <sup>(1)</sup>	Beneficial interest	-	5,000,000	60,572,000	14.88%
	Interest of spouse	45,572,000	10,000,000		
Lim Lay Hong <sup>(2)</sup>	Interest of spouse	22,750,000	6,000,000	28,750,000	7.06%
M1 TeliNet Pte. Ltd. <sup>(3)</sup>	Beneficial interest	20,259,000	-	20,259,000	4.98%
M1 Limited <sup>(3)</sup>	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Konnectivity Pte. Ltd. <sup>(3)</sup>	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Konnect Pte. Ltd. <sup>(3)</sup>	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Corporation Limited <sup>(3)</sup>	Interest in a controlled corporation	36,723,000	-	36,723,000	9.03%

(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) 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 20,259,000 Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.

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

(4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 May 2024 (i.e. 406,976,128 Shares).

Save as disclosed above, as at 31 May 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.

## DIRECTORS' REPORT

### RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are valuable assets to the Company. The Group provides competitive remuneration package to attract and motivate the employees. The Group is committed to providing talented people with safe and comfortable working environment.

We regularly review the remuneration package of employees and makes necessary adjustments to conform to the market standard. We also provides regular training for technical staff.

We understands that it is important to maintain good relationship with our business partners, suppliers and customers to achieve its long-term goals. Accordingly, the senior management have kept good communication, promptly exchanges ideas and shares business update with them when appropriate. During FY2024, there was no material and significant dispute between the Group and its business partners, suppliers and customers.

### PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that at least 25% of the Company's total issued share capital was held by the public as at the date of this document.

### RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during FY2024 are disclosed in note 37 to the consolidated financial statements. The related party transactions did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules.

### CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules from the date of the last annual report to 31 May 2024. A report on the principal corporate governance practices adopted by the Company is set out on pages 26 to 39 of this document.

### ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. We encourage environmental protection and promote awareness towards environmental protection to the employees.

We adhere to the principle of recycling and reducing. We implement green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

We will review our environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

## DIRECTORS' REPORT

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During FY2024, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

### EQUITY-LINKED AGREEMENTS

Other than the section headed "Share Option Schemes" as disclosed above, no equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during FY2024 or subsisted at the end of FY2024.

### TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

### CHARITABLE DONATIONS

The Group did not make any charitable donations in FY2024.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out in the "Financial Summary" section on page 7 of this annual report.

### AUDIT COMMITTEE

The Audit Committee comprises one non-executive Director, namely Dr. Chong Yoke Sin and two independent non-executive Directors, namely Mr. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey. Mr. Mok Wai Seng is the chairman of the Audit Committee.

The Group's audited consolidated financial statements for FY2024 and this annual report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

### EVENTS AFTER THE REPORTING PERIOD

There is no significant event of the Group after the reporting period and up to the date of this annual report.

## DIRECTORS' REPORT

### INDEPENDENT AUDITOR

The consolidated financial statements of the Group for FY2024 have been audited by BDO Limited whose term of office will expire upon the AGM. A resolution to re-appoint BDO Limited as independent auditor of the Company will be proposed at the AGM.

By order of the Board

**Lau E Choon Alex**

Executive Director and Chief Executive Officer

Singapore, 21 August 2024

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

Planet Earth, the only home of our combined humanity, stands at a crossroads. If we, as humans do not change, we barrel towards certain extinction. Anacle's mission is to combine technology and our resources – our people, our domain knowledge, our voices – to create best-in-the-market business software and the best-in-the-market energy management tools that enable our users to grow sustainable businesses, leave a positive carbon footprint, and at the same time, improve the work life of their employees.

At heart, we also believe in being socially positive and having impeccable corporate governance, the two principles upon which we carry out our business activities and build our products.

Whilst our business operations do not adversely affect the environment, our products enable our customers and our users to be more sustainable.

### INTRODUCTION, APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE AND REPORTING

The Board of Directors of the Group (the “**Board**”) is pleased to present the Environmental, Social and Governance Report (the “**ESG Report**”) for the financial year ended 31 May 2024. The Report is prepared based on Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and has complied with the “Mandatory Disclosure Requirements” provisions and the “Comply or Explain” provisions of the ESG Reporting Guide.

Founded in 2006, Anacle Systems focuses on providing high quality and cost-effective software solutions for commercial landlords, real estate owners, and energy retailers. Our Simplicity® business software is designed for managing real estate assets and facilities, managing lease and utility contracts from inception to termination, automating billing process and the collection of lease and utility contracts. Our Starlight® Utility Management is a platform for monitoring and managing energy and water consumption.

Our key business operations are in Singapore which makes up approximately 94.6% of the Group's revenue. This report covers the Group's performance in two subject areas, environmental and social issues from 1 June 2023 to 31 May 2024 (“**FY2024**”).

# ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

## ESG FRAMEWORK

The Board has a responsibility to oversee the Group’s ESG issues. The Board assesses the potential impacts of ESG issues on the Group’s overall strategy as these issues could have a material impact on the Company’s ability to generate returns.

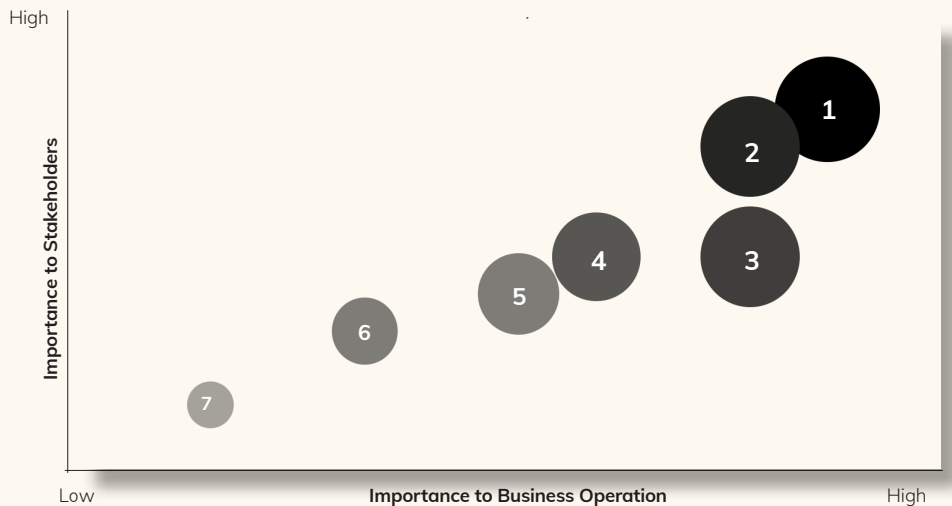
The Board has overall responsibility for the Group’s ESG governance to evaluate the ESG related risks, to oversee the management’s approach, strategy, priorities and objectives in managing ESG risks, to review the Group’s performance periodically against ESG goals and targets, and to approve the disclosed information in the Group’s ESG report.

While the Board has the overall responsibility for the Group’s ESG strategy and reporting, the implementation and performance monitoring are delegated to the management. The Group’s ESG policies and strategies are reviewed periodically to ensure their relevance and appropriateness to the business..

## MATERIALITY ASSESSMENT

The Group conducts an internal and external materiality assessment. In performing our internal materiality assessment, we adopt the Sustainable Industry Classification System® (“SICS®”) TC-SI for Software & IT Services Industry which is developed by the Sustainability Accounting Standards Board (“SASB”) to identify, manage, and communicate sustainability information that is material to our Group. Our external materiality assessment involves regular feedback from our stakeholders.

Below are the materiality matrix of the ESG topic that we consider relevant to our business as developer of enterprise business software and energy management software.



- |   |                           |
|---|---------------------------|
| 1 Data Security                           | 5 Supply Chain Management |
| 2 Environmental Footprint                 | 6 Anti-corruption         |
| 3 Product Responsibility                  | 7 Community Investment    |
| 4 Recruiting & Managing Skilled Workforce |                           |

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### STAKEHOLDERS ENGAGEMENT

We identify our stakeholders as entities or individuals who are the users of our products and services, those who are affected by our business activities, and those who significantly affect our business operations.

Stakeholders	Communication Channel
Customers	Customer meetings Regular communications with customers On-site visits Questionnaires
Employees	Team building and get-together activities Internal training Corporate activities Internal meetings and briefings Performance appraisals
Government and regulators	Government surveys Regular quarterly and annual reporting
Local community	Social media publications Workshops and seminars
Investors and shareholders	Regular general meeting and notices Regular financial reports and announcements Circulars and press release Company website
Suppliers and business partners	Regular meetings On-site visits

We value the opinions and feedbacks from our stakeholders on our ESG performance. Please contact us via email at [info@anacle.com](mailto:info@anacle.com).

The following section contains the report of our KPI, target, performance, and policies during the reporting period from 1 June 2023 to 31 May 2024 (“**Reporting Period**”) for each of the ESG aspect.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### DATA SECURITY

ESG Topic	Code	KPI and metrics
<b>Data Security</b>	TC-SI-230a.1	<ul style="list-style-type: none"> <li>• Number of data breaches</li> <li>• Percentage of data breaches involving personally identifiable information (PII)</li> <li>• Number of users affected</li> </ul>
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards
	<b>Target</b>	To have zero data breach during the Reporting Period for data stored in commercial cloud and on-premise.

Indicators	FY2024	FY2023
Number of data breaches	Nil	Nil
Percentage of data breaches involving personally identifiable information (PII)	Nil	Nil
Number of users affected	Nil	Nil

As a software & IT services company, we constantly face data security threats from cyber attacks which put our data and our customers' data at risk. Inadequate prevention, detection, and remediation of data security threats can severely affect our customer retention and acquisition and retention which ultimately result in reputational damage, decreased market share, and monetary fines from the government.

We have put in place a comprehensive information security policies to safeguard our data and our customer's data. The management is responsible for providing management direction and support for information security in accordance with business requirements and relevant laws and regulations. A Chief Information Security Officer is appointed by the management to oversee the implementation, review and update of the policy. The policy is reviewed annually or at any time depending upon the changes in business requirements or environment with requisite approval from the management.

Our policies are drafted against the controls as defined in Annex A of the ISO 27001: 2013 standards which consists of: Information Security Policies, Internal Organization, Human Resources Security, Asset Management, Access Control, Cryptography, Physical and Environmental Security, Operations Security, Communication Security, Systems Acquisitions, Development and Maintenance, Supplier Relationships, Information Security Incident Management, Information Security Aspects of Business Continuity Management, Compliance, Consent and choice, Purpose legitimacy and specification, Collection limitation, Data minimization, Use, retention and disclosure limitation, Accuracy and quality, Openness, transparency and notice, Individual participation and access, Accountability, Information security, Privacy compliance.

In addition to the policies, we also acknowledge the importance of having our staff trained in the area of information security. We conduct regular internal training and we encourage and financially support our staff who are in charge of information security to take external courses to stay up-to-date with the recent development.



## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### DATA SECURITY (Continued)

We have gradually shifted our business model away from on-premise implementation to cloud-based Software as a Service (“SaaS”) to further minimize data security breach arising from physical access. We leverage our commercial cloud partner for encryption for data at rest, encryption for data in flight, and the management and control of access to encryption keys

We are pleased to report that Anacle’s Simplicity® is SOC 2 Type II certified. Anacle’s SOC 2 Type II report covering the period from 1 April 2023 to 30 September 2023 provides an independent attestation on the suitability of design and operating effectiveness of the controls relevant to meet the Trust Services Criteria for Security for our Simplicity® SaaS-Cloud.

### ENVIRONMENTAL FOOTPRINT

We view good sustainability practices as important to our business growth over the long term. Whilst we are predominantly service-oriented and has a small environmental footprint, we are committed to environmental sustainability as a responsible business.

We have established a Sustainability Committee comprises of representatives from our key departments research and development, operations, sales and marketing, finance, and human resources. The Sustainability Committee’s charter is oversee the development, implementation, and monitoring of Anacle’s sustainability strategy with an aim to promote sustainable practices that balance economic, environmental, and social objectives. Our Sustainability Committee reports to the executive management team semi-annually and annually to the Board of Directors, providing updates on Anacle’s sustainability performance and key initiatives to be implemented. Our short term goal is to improve the our methodology and equip our Sustainability Committee with the knowledge of sustainability standards. The next goal after we refine our methodology and we can reasonably ascertain that we have accounted for sources of carbon emissions from our operations, is to explore areas where we can reduce our carbon emissions.

#### Organisational Boundaries

Anacle uses GHG Protocol’s operational control approach to define our organizational boundaries for GHG emission reporting. Under GHG Protocol’s operational control approach, we account for 100% of GHG emissions from operations over which we have control. We do not account for GHG emissions from operations which we own an interest but we have no control. We have operational control when we, including our subsidiaries, have the full authority to introduce and implement our operating policies at the operation. The emissions of all of our subsidiaries operations over which we have operational control and all leased offices and colocation data centers, are accounted for in the carbon emissions. Carbon emissions calculations are based either on measured data or where no measured data is available, on estimations and extrapolations.

#### Data Consistency

We aim to continuously refine our emissions calculation and to improve our methodology to rely more measure data instead of extrapolated data. We also strive to improve our skills, capabilities and resources in our sustainability journey. Year-on-year, we will improve our methodology to the best of our knowledge and ability. We consider such improvements to be continuous progress and do not require retrospective data adjustments. Therefore, we apply changes from current year onward.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

ESG Topic	Code	KPI and metrics
<b>Environmental</b>	Aspect A1: Emissions	KPI A1.1 The types of emissions and respective emissions data.
		KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
		KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)
		KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
		KPI A1.5 Description of emission target(s) set and steps taken to achieve them.
		KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.
	<b>Target</b>	To hold GHG intensity per employee stable at 2022 level through 2031

#### Scope 1 Direct Emissions

Scope 1 is direct carbon emissions from sources that are owned or controlled by an organization. Anacle does not own machineries giving rise to gas or oil combustion.

#### Scope 2 Indirect Emissions

Scope 2 indirect carbon emissions accounts for carbon emissions from the consumption of purchased electricity by an organization. The following are our reported Scope 2:

- *Electricity in our leased offices:* Emissions from the consumption of purchased electricity in our leased offices are calculated from metered electricity consumption in kWh. We use country specific emission factors to convert electricity consumption in kWh to CO<sub>2</sub>e.
- *Purchased chilled water:* Air conditioning for our server room at Singapore Headquarters is supported by district cooling system. Emissions from purchased chilled water are calculated from metered cooling energy consumption, expressed in Refrigeration Ton-hour (RTh), from a BTU meter installed at the chilled water supply-side. Where 1 unit RTh is equivalent to approximately 3.5169 of kWh, we apply Singapore annual grid emission factor of 0.4168 to convert kWh to CO<sub>2</sub>e.

In the next reporting period we aim to expand our Scope 2 coverage to include purchased electricity in colocation data centres and emissions from equipment by our employees working from home.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

#### Scope 3 Indirect Carbon Emissions

Scope 3 refers to other indirect carbon emissions that occur from sources owned or controlled by other organisations in our value chain (e.g., materials suppliers, third-party logistics providers, waste management suppliers, travel suppliers, lessees and lessors, franchisees, retailers, employees, and customers) as a consequence of our activities. Scope 3 emissions are divided into upstream and downstream emissions. Upstream emissions are indirect emissions related to purchased or acquired goods and services. Downstream emissions are indirect emissions as a result of sale or transfer of control of goods and services.

To date we identified and measured only category 6 business travel out of the 15 Scope 3 categories.

*Category 6 Business Flights:* Emissions caused by business trips by airplane. We use carbon emissions calculator provided by The International Civil Aviation Organization (“ICAO”).

We recognise that there still data gaps within our reported data and that there are other categories which may be relevant to our business. In the next reporting period, we aim to expand our Scope 3 disclosure to include business trips with private cars, transportation of our employees between their worksites, and the consumption of purchased electricity from our usage of third party commercial cloud.

Emissions Indicators	Unit of Measure	Source	FY2024	FY2023
Scope 1 (Direct GHG emissions)	tonnes of CO <sub>2</sub> e	Combustion of petrol fuel for mobile sources controlled by company	Nil	Nil
Scope 2 (Energy indirect GHG emissions) <sup>(1)</sup>	tonnes of CO <sub>2</sub> e	Purchased electricity	84.96	51.64
Scope 3 (Indirect GHG emissions)	tonnes of CO <sub>2</sub> e	Business travel by employees, paper waste disposed	18.95	12.82
Total GHG emission (scope 1, 2 and 3)	tonnes of CO <sub>2</sub> e	-	103.91	64.46
GHG intensity by employee	tonnes of CO <sub>2</sub> e/ employee	-	0.587	0.455
GHG intensity by floor area	tonnes of CO <sub>2</sub> e/ square feet	-	0.004	0.003
Nitrogen oxides (“NO <sub>x</sub> ”)	g	Not applicable	Nil	Nil
Sulphur oxides (“SO <sub>x</sub> ”)	g	Not applicable	Nil	Nil
Respiratory suspended particles (“RSP”)	g	Not applicable	Nil	Nil

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

#### Key Initiatives to Avoid and Reduce Emissions

We are principally engaged in provision of enterprise application software solutions and energy management solutions, as well as provision of support and maintenance services. We do not own any stationery (non-transport) and mobile sources that give rise to air pollutants. We also do not engage in any industrial or commercial processes that generate air pollutants.

We do not own any equipment that give rise to combustion of fuels in stationery or mobile sources. Our energy indirect GHG emissions was associated with the consumption of purchased electricity for the general lighting of our offices and computer equipment used by our staff.

Our indirect GHG is mainly from the business travel by employees. We adopted the recycle and reuse policy for our paper usage at the office. Since adopting Simplicity® Finance, the Group's headquarters finance department has successfully transitioned to a paperless environment.

#### Hazardous Waste

Our operations did not generate any hazardous waste. Office waste such as electronic and electrical equipment, computer hardware and empty ink cartridges were collected by specialized disposal contractor for proper recycling or treatment before disposal.

#### Non-hazardous Waste

We have very little use of paper as most of our records are in electronic form. Our printing and paper usage are mainly for our quarterly and annual reports. In FY2024, our paper consumption was 0.024 tonnes (2023: 0.031).

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

ESG Topic	Code	KPI and metrics
<b>Environmental</b>	Aspect A2: Use of Resources	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
		KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).
		KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.
		KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
		KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
	<b>Target</b>	To hold energy consumption intensity per employee stable at 2022 level through 2031

Indicators	Unit of Measure	Source	FY2024	FY2023
Energy consumption	kWh	Purchased electricity and cooling	189,508	127,286
Energy consumption by employee	kWh/employee	-	1,070.67	896.38
Energy consumption by floor area	kWh/square feet	-	8.28	7.83
Water consumption	m <sup>3</sup>	Municipal supplied water	-	-
Packaging material		-	Nil	Nil

### Management of the Use of Resources

#### Energy Consumption

The Group mainly consume purchased electricity for office general lighting and electronic equipment used by our staff. We leverage on commercial cloud to host our software to minimise our dependency on physical data centres. Our FY2024 energy consumption per employee increased by 19.4% because more staff have returned to work from office. In FY2024 the energy consumption by floor area increased by 5.7%.

#### Energy Use Efficiency Initiatives

The Group promotes electricity preservation among employees to reduce electricity consumption and indirect greenhouse gas emissions. Electricity consumption mainly arises from daily operation of office for the on-going operation lighting system, and electronic equipment in the office. With a view to reducing electricity consumption, electronic equipment with lower electricity consumption is preferred during procurement; lighting equipment and electronic appliances are switched off during lunch hour and after work to reduce the electricity consumption; the zone-based lighting system to allow lighting of occupied area only.

#### Water Consumption

Our Singapore headquarters is a leased premises where the supply and discharge of water are controlled by building management and no sub-metering is available for individual tenants. Our water usage during usual course of operation is mainly the central water dispensers for drinking.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

#### Water Use Efficiency Initiatives

The Group's business did not involve significant use of water, hence no information related to water use efficiency initiatives is being presented in this report.

#### Transportation

Our headquarters in Singapore is located above Mass Rapid Transit ("MRT") station. We encourage our staff to use public transport to commute between home to office and office and between customers' offices.

#### Business Air Travel

The Group is committed to decreasing the number of business trips. When dealing with simple enquiries from overseas customers, we prefer to carry out general discussions and conduct our sales presentation through long-distance telephone calls, video conferencing and other online communication tools to reduce the number of non-essential air travels and to avoid increasing the pollutants emitted by the use of transportation.

#### Waste Handling and Reduction Initiatives

The Group continues to practise paper saving initiatives as employees are encouraged minimize printing and if printing is necessary, to print paper on both sides and reuse paper for draft works. We encourage our employees to reduce harmless waste arising from daily work and avoid paper use by delivering digital file through e-mail. The Group adopts electronic communication software as its principal channel of contact during daily operation. All internal notice is issued through e-mail instead of printing. The Group keeps tracks of the paper usage and prevent unnecessary paper waste generation. Electronic and electrical equipment are collected and disposed by a specialized disposal contractor, used printer cartridges were returned to the supplier for proper recycling.

#### Packaging Materials

The Group's business activities do not involve any manufacturing and packaging, therefore, no relevant data is recorded during the Reporting Period.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ENVIRONMENTAL FOOTPRINT (Continued)

ESG Topic	Code	KPI and metrics
<b>Environmental</b>	Aspect A3: The Environment and Natural Resources	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them)

Our business nature does not generate significant environmental impacts. Nevertheless, we commit to continue making effort to minimise the use of resources and related impact to the natural environment, as well as complying with relevant laws and regulations.

ESG Topic	Code	KPI and metrics
<b>Environmental</b>	Aspect A4: Climate Change	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

Climate change affects businesses directly or indirectly. The risks of changing climate fall into three broad categories, physical, transitional, and liability risks. Whilst physical risks of climate change are such as flooding, hurricanes, drought, and wildfires do not affect us, the increasing temperature can translate to a higher energy consumption and carbon emission by data centres to cool their equipment, which is a cause of concern as data centres have voracious appetite for energy as it is. Transitional risk comes from the potential additional cost arising from the introduction of policy, laws, and other regulations designed to address climate change as well as a shift in consumer trends towards cloud-computing. Liability risks arise from a failure to mitigate, adapt to, disclose, or comply with changing legal and regulatory expectations. Climate litigation is increasing worldwide, reflecting advances in attribution science, evolving legal disputes, and changing public sentiment.

Our first step to mitigate the risks are to shift our software hosting from on-premise to cloud-hosted model to reduce our dependency on data centres. A forecast from IDC shows that 1 billion metric tons of carbon dioxide can be reduced from 2021 through 2024. Secondly, we put in place policies and procedures to manage our impact in terms of carbon emission and energy consumption so that we can be a sustainable business and play our part in the effort to reduce global warming.

We have been an advocate of energy management, the reason behind our Starlight® energy management business segment. We developed the Starlight® Smart Energy Solutions for businesses, especially those who own buildings and electricity-powered equipment to monitor energy consumption, reduce energy consumption and CO<sub>2</sub> emission by identifying equipment and building facilities that are consuming excessive energy, the timing and patterns of such energy consumption spurts occurring.

Our myBill® utility billing eliminates the printing and mailing of utility bills, facilitates ease of electronic payment and matching of customer payments against their bills. We developed myBill® to reduce paper consumption and reduce the workload of finance staff by automating the billing and collection cycle. We are a firm believer of having a strong corporate governance in business environment. Our Simplicity® workflow engine enforces strict approval processes for business operations, facilitate their compliance with internal corporate governance, delegation of authority, and segregation of duties.

# ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

## PRODUCT RESPONSIBILITY

ESG Topic	Code	KPI and metrics
<b>Product Responsibility</b>	Aspect B6: Product Responsibility	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons
		KPI B6.2 Number of products and service related complaints received and how they are dealt with
		KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.
		KPI B6.4 Description of quality assurance process and recall procedures
		KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.

Indicators	FY 2024	FY 2023
Total amount of monetary losses as a result of legal proceedings associated with user privacy	Nil	Nil
Number of performance issues <sup>(1)</sup>	Nil	Nil
Number of service disruptions <sup>(2)</sup>	Nil	Nil
Number of days in customer downtime <sup>(3)</sup>	Nil	Nil
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Nil	Nil

Note:

- (1) Number unplanned downtime causing an interruption, of more than 10 minutes but less than or equal to 30 minutes, in the provision of cloud-based services to customers caused by technical failures, programming errors, cyber attacks, or localized disasters at hosting facilities.
- (2) Number of unplanned downtime causing an interruption of more than 30 minutes in provision of cloud-based services to customers caused by technical failures, programming errors, cyber attacks, weather events, or localized disasters at hosting facilities.
- (3) Customer downtime is the interruption duration of each service disruption multiplied by the number of software and IT services licenses affected, reported in license-days. For context, the entity shall indicate the licensing basis (e.g., number of seats, number of CPU cores, number of cloud subscriptions) and whether the licenses are consumption-based or capacity based.

### Product Quality Management

We are ISO 9001:2015 Quality Management System certified. We strive to continuously improve our overall performance and focus on providing customers with products and services of consistent quality. We have a dedicated team of quality control to ensure that all of our products undergo a thorough internal control and third party testing prior to delivery to ensure that product functionalities and specifications meet our customers' requirements and comply with safety laws and regulations. In terms of controlling hardware and materials supplied by third parties, we engage qualified and reputable suppliers.

We provide product warranties ranging from 6 months to 1 year depending on the agreements we have with our customers. We provide appropriate assistance to customers throughout the warranty period.

### Service Disruptions Management and Business Continuity

With trends toward increased cloud computing and use of Software as a Service (SaaS), we need to ensure we have robust infrastructure and policies in place to minimize disruptions to services. Disruptions such as programming errors or server downtime have the potential to generate systemic risks. The risks are heightened particularly for sensitive sectors, such as financial institutions or utilities. We face the risks of financial damage in terms of liquidated damages and reputational damage therefore, our efforts in improving the reliability and quality of our IT infrastructure and services are important for our ability to attract and retain customers, and ultimately, our revenue generating capability.



## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### PRODUCT RESPONSIBILITY (Continued)

Our business continuity plan are built on the principles of resilience, recovery, and contingency. To ensure that our essential functions are up and running during a disaster and to recover with as little downtime as possible. The Management and the Information Security Steering Committee are responsible for formulating the plan; reviewing the plan once every three years or after the occurrence of any adverse events or any changes in the operation environment; testing the plan annually to ensure the effectiveness of the plan; and ensuring that the personnel involved receive the appropriate training on this plan.

Our cloud-based operations are outsourced to our commercial cloud partners and on-premise operations are supported by a team of network engineers under the leadership of the Chief Information Security Officer.

### Intellectual Property

Our corporate mission is to provide innovative and creative solutions designed to exceed market expectations in areas of enterprise resource planning and energy management. The creation of each innovative solution is a valuable form of intellectual property.

We have put in place an intellectual property policy to provide guidance on best practice and appropriate procedures for the protection, management and commercialization of our intellectual properties.

The applicable forms of our intellectual properties are patents for innovations in energy management solutions, trademark for logos, copyright of business proposals, software user manuals and Anacle's website and lastly, domain names. Our intellectual property policy covers the management and record keeping of all of our intellectual property assets, the use of our intellectual properties, annual budgeting for costs of managing our intellectual properties, staff awareness training, IP valuation procedures, accounting policy for capitalization of internally generated intellectual property that qualify as the Anacle's intangible asset, and procedures regarding infringement notice or permission requests to use our intellectual properties.

### Data Protection and Privacy

We have put in place a Personal Data Protection Policy that sets out the basis for Anacle to collect, use, disclose, store or otherwise process personal data in accordance with the Personal Data Protection Act ("PDPA"). It applies to personal data in our possession or under our control, including personal data in the possession of organizations which we have engaged to collect, use, disclose or process personal data. We view data protection seriously and strives to take careful measures to protect all personal data. Our policy ensures that we obtain consent for the collection, use or disclosure of personal data, that we allow individuals to access and correct their personal data; that we take care of personal data (which relates to ensuring accuracy), protecting personal data (including protection in the case of international transfers) and not to retain personal data if no longer needed. Our PDPA policy complies with the nine data protection obligations, namely Consent Obligation, Purpose Limitation Obligation, Notification Obligation, Access & Correction Obligation, Accuracy Obligation, Protection Obligation, Retention Limitation Obligation, Transfer Limitation Obligation, and Openness Obligation. We also comply with the Do-Not-Call ("DNC") provisions under the PDPA.

To ensure internal stakeholders are aware of their responsibilities in protecting personal data, we conduct regular training on personal data protection and upon onboarding of new staff.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### PRODUCT RESPONSIBILITY (Continued)

Our internal information security steering committee, headed by the Data Protection Officer (“DPO”), is responsible for the implementation, maintenance and improvement of its information security management systems and personal data protection policy. The DPO is registered with Singapore’s Accounting and Corporate Regulatory Authority. Our DPO is appointed by the management who is responsible for the governance and oversight of the group’s approach and responsibilities over handling of personal data.

### RECRUITING & MANAGING A SKILLED WORKFORCE

ESG Topic	Code	KPI and metrics
<b>Recruiting &amp; Managing a Skilled Workforce</b>	Aspect B1: Employment	KPI B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.
		KPI B1.2 Employee turnover rate by gender, age group and geographical region.
	<b>Target</b>	To maintain employee turnover rate to be at par with the annual national labour turnover rate in Singapore

<b>B1. Employment</b>						
	Number of employees at end of Reporting Period	Number of employees who left during Reporting Period	Annual employee turnover rate	Number of employees at end of Reporting Period	Number of employees who left during Reporting Period	Annual employee turnover rate
Indicators	FY2024	FY2024	FY2024	FY2023	FY2023	FY2023
<u>By gender</u>						
Female	66	23	36.5%	60	16	27.6%
Male	114	22	20.5%	101	36	36.7%
<u>By employment type</u>						
Full time	180	45	26.4%	161	52	33.3%
Part time	-	-	-	-	-	-
<u>By age group</u>						
< 25 years old	15	4	23.5%	19	2	14.3%
25 – 29 years old	58	20	39.2%	44	17	37.4%
30 – 39 years old	73	11	15.7%	67	24	35.6%
40 – 49 years old	25	9	36.7%	24	8	34.8%
> 50 years old	9	1	12.5%	7	1	16.7%
<u>By region</u>						
Singapore	158	33	22.0%	142	38	28.0%
India	19	10	55.6%	17	14	71.8%
Australia	2	2	100.0%	2	0	-
Japan	1	0	-	-	-	-

Our employees are important assets to the Group, as well as the driving force behind the Group’s continued business expansion. We therefore strive to create a harmonious employment relationship in order to encourage more people to join the Group.

Recruitment typically takes place after university graduation period which facilitates the hiring of youth with diverse talents, potential and ability to absorb knowledge from training. We uphold the principle of fairness in our recruitment and hiring.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### RECRUITING & MANAGING A SKILLED WORKFORCE (Continued)

Our remuneration package is based on the applicants' qualifications, abilities, experience, and skills. Every applicant has the same right to apply, and their treatment is not affected by gender, pregnancy, family status, marital status, race, disability, etc. Our existing employee teams come from different ethnic backgrounds and nationalities.

Our employment policy adheres to the principle of fairness, and provides promotion opportunities for outstanding employees. We conduct regular review of compensation and benefits based on their performance, peer review, and customer feedbacks.

We also organise recreational activities from time to time, such as company lunches, monthly beer-buzz, weekly yoga sessions, team building events so as to facilitate communication among employees and to help colleagues balance the intense pressures of work.

If an employee were unfortunately to suffer a work-related injury or accidental death, the Group will provide compensation for the employee in accordance with the Ministry of Manpower (Singapore) through workmen compensation insurance policy and public liability insurance policy.

Our employment policy strictly prohibits child labour. Our internal standard on working hours is set at 8 hours per day or 44 hours per week.

All overtime work by employees are voluntary in nature. When employees need to work overtime, we give off-in-lieu and in some cases, provide reasonable overtime pay as a compensation for employees in accordance with the Ministry of Manpower (Singapore) guidelines and the Group's compensation policy.

Equal opportunity is provided to all employees in respect of promotion, appraisal, training, development and other aspects. Employees are not discriminated against or deprived of opportunities based on gender, ethnic background, religion, color, sexual orientation, age, marital status, family status.

We offer competitive salary package to retain quality employees and aim to reduce the employee turnover. The annual turnover rate of the Group's employees in Singapore for FY2024 was 26.4% which was above Singapore's 2024 annual national labour turnover of 16% for the IT & Other Information Services sector (Source : Labour Market Survey, Manpower Research & Statistics Department, Singapore Ministry of Manpower).

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### RECRUITING & MANAGING A SKILLED WORKFORCE (Continued)

ESG Topic	Code	KPI and metrics
<b>Recruiting &amp; Managing a Skilled Workforce</b>	Aspect B2: Health and Safety	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
		KPI B2.2 Lost days due to work injury.
		KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.
<b>Target</b>		To achieve zero work-related fatalities at office and on-site

<b>B2. Health and Safety</b>		
Indicators	FY2024	FY2023
Number of work-related fatalities	Nil	Nil
Rate of work-related fatalities (%)	Nil	Nil
Number of work injuries	Nil	Nil
Lost days due to work injuries (day)	Nil	Nil

Our business operations do not involve high-risk activities, however, the we place great importance to occupational safety, hugiene and health of the employees.

We are ISO 45001:2018 Occupational Health & Safety Management System (“OHMS”) certified. We have developed clear occupational health and safety policies, as well as a series of target indicators and procedural documents designed to continuously identify potential risks at the workplace, to try to reduce the incidence of accidents, to observe local occupational health and safety regulations, and to ensure continuous improvement in our occupational safety and health performance. We also provides regular briefings for all employees, on occupational safety and health policies, risk management, and workplace safety. In order to strengthen the employees’ response when faced with an emergency situation such as a fire or injury, we have drawn up contingency plans and regularly gather the employees to carry out drills.

During FY2024, there was zero non-compliance with laws and regulations relating to the provision of a safe working environment and protection of employees from occupational hazards.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### RECRUITING & MANAGING A SKILLED WORKFORCE (Continued)

ESG Topic	Code	KPI and metrics
<b>Recruiting &amp; Managing a Skilled Workforce</b>	Aspect B3: Development and Training	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
		KPI B3.2 The average training hours completed per employee by gender and employee category.
	<b>Target</b>	To achieve a minimum of 10 hours of internal or external training annually for each employee

<b>B3. Development and Training</b>				
	% of employees trained	Average training hours completed per employee	% of employees trained	Average training hours completed per employee
<b>Indicators</b>	<b>FY2024</b>	<b>FY2024</b>	<b>FY2023</b>	<b>FY2023</b>
<u>By gender</u>				
Female	37%	17.63 hours	37%	34.63 hours
Male	63%	17.94 hours	63%	31.24 hours
<u>By employee category</u>				
Management	10%	13.44 hours	11%	18.82 hours
Mid level staff	44%	18.66 hours	45%	36.26 hours
Junior staff	46%	17.98 hours	44%	32.06 hours

The establishment of a robust and competitive team of employees is an important cornerstone of the our continued development, and we have spared no effort to train our talents and add value for our employees. We arrange for welcoming and orientation activities for all new employees, allowing every new colleague to understand the our policies and culture and to integrate into our working environment as soon as possible, and thereby nurturing a sense of belonging. Our head of departments also evaluate their subordinates' capabilities at work to understand and identify the training needs of every employee, as well as to develop training programs for the coming year. In addition to internal training, we also provides training allowances to encourage staff to actively participate in external training in professional skills, in an effort to enable every employee to reach their full potential within their positions and to create value.

ESG Topic	Code	KPI and metrics
<b>Recruiting &amp; Managing a Skilled Workforce</b>	Aspect B4: Labour Standards	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.
		KPI B4.2 Description of steps taken to eliminate such practices when discovered.
	<b>Target</b>	To have zero incidence of child labour

The Group did not employ any child or forced labour during the Reporting Period. The HR Department has established practices to ensure prevention of child and forced labour. Job candidates' identification documents are checked to ensure that they are legally entitled to work for the Group or otherwise employment contract is not entered into. At the point of employment, new employees are required to complete the registration form and provide supporting documents as proof of previous employment.

In case of violation, the personnel will be subject to fines and/or termination of the contract in accordance to relevant regulations. Legal proceedings will also be applied if necessary. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour had been identified during the Reporting Period.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### SUPPLY CHAIN MANAGEMENT

ESG Topic	Code	KPI and metrics
<b>Social</b>	Aspect B5: Supply Chain Management	KPI B5.1 Number of suppliers by geographical region.
		KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.
		KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
		KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

Indicators	FY2024	FY2023
Number of active suppliers	139	121

The Group currently has developed a specific program for the evaluation and management of suppliers, and the selection criteria for suppliers or subcontractors are mainly based on such factors as price, delivery times, and quality of goods and services. Additionally, we rate our suppliers by using supplier evaluation form recorded in ISO 9001:2015 Quality Management System. The rating marks with 70% and above, we considered them as in the list of our approved supplier. Suppliers are also evaluated for their practices in terms of environmental, health, and safety practices. Every year, we monitor and review the performance of every qualified supplier to ensure that the performance of all qualified suppliers remains in line with the requirements of the Group.

### ANTI-CORRUPTION

ESG Topic	Code	KPI and metrics
<b>Social</b>	Aspect B7: Anti-corruption	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.
		KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
		KPI B7.3 Description of anti-corruption training provided to Directors and staff.

Indicators	FY2024	FY2023
Number of concluded legal cases regarding corrupt practices	Nil	Nil

In order to ensure high efficiency and integrity of the Group's operations, all the Group's employees are required to strictly abide by the Prevention of Corruption Act, Chapter 241 of Singapore (the "PCA") and The Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A of Singapore in their behaviour and are absolutely forbidden from committing any acts of bribery or accepting of bribes, etc. We have also developed a policy on reporting conflicts of interest, and employees must report to the management if there is any direct or indirect conflict of interest between an employee and the business of the Group.

## ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

### ANTI-CORRUPTION (Continued)

As far as corporate governance is concerned, the Group's management regularly reviews regulations on the governance of publicly traded companies to ensure that all newly enacted requirements are implemented within the Group in a timely manner. Each year, the Group also hires third-party independent auditors to verify the Group's accounts so as to safeguard the interests of investors.

The Group's service and purchasing agreements must, in principle, receive the approval from the management before they are deemed valid, and the management conducts spot checks on the agreements each year to ensure that the approval process is fair and equitable. Any employee, material supplier, subcontractor, customer or other stakeholder who has any concerns regarding the corporate governance of the Group or the ethics of the employees may file a complaint with the management.

The management will then conduct a thorough investigation of all matters and take the necessary improvement measures for plugging the loopholes in order to maintain the Group's integrity and reputation.

### WHISTLEBLOWING

Our whistleblowing policy is aimed to provide an opportunity for employees or any individual to raise concerns anonymously relating to perpetrated or suspected cases of criminal conduct that adversely affect the Group, particularly any actual or potential financial injuries and reputational loss caused to the Group. We have a dedicated email communication channel to receive leads or tips and factual evidence from whistleblowers. All concerns raised will be independently assessed to ensure that they are fairly and properly considered. All information disclosed during the course of investigation will remain confidential. The Group may refer any concerns or complaints to appropriate external regulatory authorities. The subject of the whistleblowing case shall be informed of the allegations against him or her and be provided with an opportunity to reply to such allegations. Employees who fail to cooperate in an investigation, or deliberately provide false information during an investigation, shall be subject to strict disciplinary action up to, and including, immediate dismissal. If it is concluded that a violation has occurred or the allegations are substantiated, appropriate disciplinary action in accordance with the Fair Employment Policy will be taken. Non-anonymous whistleblowers will be informed of the investigation outcome.

### COMMUNITY INVESTMENT

ESG Topic	Code	KPI and metrics
Community	Aspect B8: Community Investment	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). KPI B8.2 Resources contributed (e.g. money or time) to the focus area.

Our focus area has always been to educate the community on the importance of energy management, to modernise the current facility management practice. We are actively conducting seminars and workshops for industry players.

We did not make any charitable donations for FY2024.



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED**

(incorporated in Singapore with limited liability)

**Opinion**

We have audited the consolidated financial statements of Anacle Systems Limited (the “Company”) and its subsidiaries (together the “Group”) set out on page 77 to page 127, which comprise the consolidated statement of financial position as at 31 May 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 May 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Contract Accounting Estimates**

Refer to notes 4(g), 4(h), 21 and 25 to the consolidated financial statements.

The Group recorded contract revenue from the projects of provision of enterprise application software solutions and energy management solutions totalling S\$14,290,335 (2023: S\$14,840,930) for the year ended 31 May 2024, which represented 54% (2023: 62%) of total revenue.

Contract revenue is recognised progressively over time using the input method, based on the significant management judgements and estimates including total contract costs, remaining costs to completion and contract risks. Contract costs are recognised when work is performed, together with any provisions for expected contract losses.





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**INDEPENDENT AUDITOR'S REPORT  
 TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED**  
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**Key Audit Matters (Continued)**

Contract Accounting Estimates (Continued)

Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses.

The recognition of revenue and profit relies on management's estimate of the final outcome of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in valuing contract variations, claims and liquidated and ascertained damages, in estimating the amount of expected losses and in assessing the ability of the Group to deliver services according to the agreed timetable.

We identified contract accounting estimates as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.

Relevant disclosures for the significant judgements and estimates are included in note 5 to the consolidated financial statements.

Our response:

Our procedures in relation to project revenue recognition included:

- assessed the Group's internal controls over the contract revenue and costs for contracts;
- obtaining a detailed breakdown of the total estimated costs to completion for all contracts in progress during the year and comparing, on a sample basis, actual costs incurred to the reporting date and future cost estimates with agreements, certifications or correspondence with subcontractors and suppliers and other documentation referred to by management in its assessment of the estimated costs to completion;
- for all projects in progress at the reporting date, challenging the assumptions and critical judgements made by management which impacted their estimations of the liquidated and ascertained damages assessments by comparing the key terms and conditions in the assessments with contract agreements with customers and by comparing the estimated contract completion time with the Group's updated progress report or correspondence from customers;
- performing a retrospective review of contracts completed during the current year by comparing the final outcome of the contracts with previous estimates made for those contracts to assess the reliability of the management's forecasting process;
- assessing the significant judgements made by management, through the examination of project documentation, including the total budgeted contract costs, by checking to the invoices or quotations and comparing to the work hours used by similar projects in the past, and discussion of the status of those projects in progress with management, finance, and technical personnel of the Group;
- comparing the budgeted contract costs with the actual costs incurred to assess if there were any material differences; and
- assessed the adequacy of the related disclosures in the financial statements.



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED**  
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**Other Information in the Annual Report**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Directors' Responsibilities for the Consolidated Financial Statements**

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.



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**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED**  
(incorporated in Singapore with limited liability)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED**  
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**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited  
Certified Public Accountants  
Ho Yee Man  
Practising Certificate no. P07395

Hong Kong, 21 August 2024

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2024**

	Notes	2024 S\$	2023 S\$
Revenue	6(c)	26,700,265	23,800,162
Cost of sales		<u>(13,256,275)</u>	<u>(11,947,067)</u>
<b>Gross profit</b>		<b>13,443,990</b>	<b>11,853,095</b>
Other revenue	7	407,920	478,522
Other (losses) and gains	8	(96,438)	(251,699)
Marketing and other operating expenses		(2,924,272)	(2,726,328)
Administrative expenses		(7,397,154)	(6,438,853)
Research and development costs		(2,607,512)	(2,338,409)
Finance costs	9	(123,088)	(86,463)
Share of loss of an associate	18	<u>-</u>	<u>-</u>
<b>Profit before income tax</b>	10	<b>703,446</b>	<b>489,865</b>
Income tax expense	13	<u>(112,458)</u>	<u>(117,561)</u>
<b>Profit for the year</b>		<b>590,988</b>	<b>372,304</b>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		<u>(4,898)</u>	<u>(35,144)</u>
<b>Total comprehensive income for the year</b>		<b>586,090</b>	<b>337,160</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		593,125	374,287
Non-controlling interests		<u>(2,137)</u>	<u>(1,983)</u>
		<b>590,988</b>	<b>372,304</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		588,227	339,143
Non-controlling interests		<u>(2,137)</u>	<u>(1,983)</u>
		<b>586,090</b>	<b>337,160</b>
		Singapore cents	Singapore cents
<b>Earnings per share attributable to owners of the Company</b>			
- Basic	14	<u>0.15</u>	<u>0.09</u>
- Diluted	14	<u>0.15</u>	<u>0.09</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2024**

	Notes	2024 S\$	2023 S\$
<b>Non-current assets</b>			
Property, plant and equipment	15	892,223	985,487
Right-of-use assets	35(a)(i)	2,459,732	3,491,622
Intangible assets	16	-	21,909
Staff loans	17	1,200,609	1,290,862
Deferred tax assets	29	38,500	92,222
		<u>4,591,064</u>	<u>5,882,102</u>
<b>Current assets</b>			
Trade receivables	20	3,822,999	4,482,582
Contract assets	21	4,213,479	2,103,074
Other receivables, deposits and prepayments	22	804,391	556,514
Staff loans	17	88,535	135,502
Inventories	23	487,663	738,899
Bank balances and cash		<u>11,721,559</u>	<u>11,853,222</u>
		<u>21,138,626</u>	<u>19,869,793</u>
<b>Current liabilities</b>			
Trade payables	24	263,238	253,599
Contract liabilities	25	2,823,805	2,637,725
Other payables and accruals	26	1,977,596	2,196,320
Amount due to a director		9,325	9,530
Provision for warranty	27	3,900	3,900
Lease liabilities	28	1,185,319	1,130,662
Income tax payables		<u>39,889</u>	<u>30,136</u>
		<u>6,303,072</u>	<u>6,261,872</u>
<b>Net current assets</b>		<u><b>14,835,554</b></u>	<u><b>13,607,921</b></u>
<b>Total assets less current liabilities</b>		<u><b>19,426,618</b></u>	<u><b>19,490,023</b></u>
<b>Non-current liabilities</b>			
Provision for reinstatement cost		80,000	80,000
Deferred tax liabilities	29	-	-
Lease liabilities	28	<u>1,443,551</u>	<u>2,521,063</u>
		<u>1,523,551</u>	<u>2,601,063</u>
<b>NET ASSETS</b>		<u><b>17,903,067</b></u>	<u><b>16,888,960</b></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2024**

	Notes	2024 S\$	2023 S\$
<b>Capital and reserves</b>			
Share capital	30	21,095,353	20,988,202
Reserves		<u>(3,135,615)</u>	<u>(4,044,708)</u>
Equity attributable to owners of the Company		17,959,738	16,943,494
Non-controlling interests		<u>(56,671)</u>	<u>(54,534)</u>
<b>TOTAL EQUITY</b>		<b><u>17,903,067</u></b>	<b><u>16,888,960</u></b>

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Mr. Lau E Choon Alex  
Director

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Mr. Ong Swee Heng  
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2024**

	Attributable to owners of the Company						Total
	Ordinary share capital	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non-controlling interests	
	S\$	S\$	S\$	S\$	S\$	S\$	
<b>At 31 May 2022</b>	<b>20,874,677</b>	<b>(1,376,024)</b>	<b>322,930</b>	<b>43,089</b>	<b>(3,373,846)</b>	<b>(52,551)</b>	<b>16,438,275</b>
Profit/(loss) for the year	-	-	-	-	374,287	(1,983)	372,304
Other comprehensive income	-	-	-	(35,144)	-	-	(35,144)
Total comprehensive income	-	-	-	(35,144)	374,287	(1,983)	337,160
Issuance of ordinary shares	113,525	-	(189,176)	-	189,176	-	113,525
<b>At 31 May 2023</b>	<b>20,988,202</b>	<b>(1,376,024)</b>	<b>133,754</b>	<b>7,945</b>	<b>(2,810,383)</b>	<b>(54,534)</b>	<b>16,888,960</b>
Profit/(loss) for the year	-	-	-	-	593,125	(2,137)	590,988
Other comprehensive income	-	-	-	(4,898)	-	-	(4,898)
Total comprehensive income	-	-	-	(4,898)	593,125	(2,137)	586,090
Recognition of share-based payment expenses	-	-	320,866	-	-	-	320,866
Issuance of ordinary shares	107,151	-	(133,845)	-	133,845	-	107,151
Disposal of investment in an associate	-	-	-	(252)	252	-	-
<b>At 31 May 2024</b>	<b>21,095,353</b>	<b>(1,376,024)</b>	<b>320,775</b>	<b>2,795</b>	<b>(2,083,161)</b>	<b>(56,671)</b>	<b>17,903,067</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2024**

	Note	2024 S\$	2023 S\$
<b>Cash flows from operating activities</b>			
Profit before income tax		703,446	489,865
Adjustments for:			
Depreciation of property, plant and equipment		332,279	203,067
Depreciation of right-of-use assets		1,124,672	994,519
Amortisation of intangible assets		21,909	413,712
Interest expense on lease liabilities		123,088	86,463
Share based payment expense		320,866	-
Interest income		(282,412)	(65,495)
Government grants		(121,685)	(408,116)
(Reversal of provision)/provision for expected credit loss			
- Trade receivables and contract assets		(145,831)	148,508
Provision for obsolete inventories		208,643	98,370
Reversal of provision for onerous contract		-	7,034
Loss on disposal of property, plant and equipment		14	-
Gain on lease modification		-	(1,583)
		<u>2,284,989</u>	<u>1,966,344</u>
<b>Operating cash flows before working capital changes</b>			
Decrease/(increase) in trade receivables		814,011	(740,891)
Increase in contract assets		(2,120,059)	(1,630,376)
Increase in other receivables, deposits and prepayments		(269,359)	(98,720)
Decrease/(increase) in inventories		41,058	(20,595)
Increase/(decrease) in trade payables		9,811	(2,031,724)
Increase in contract liabilities		186,080	757,517
(Decrease)/increase in other payables and accruals		(219,155)	344,629
Effect of foreign exchange rate changes		4,802	2,221
		<u>732,178</u>	<u>(1,451,595)</u>
Net cash from/(used in) operations			
Receipts from government grants		121,685	408,116
Income tax paid		(28,600)	(1,795)
		<u>825,263</u>	<u>(1,045,274)</u>
<b>Net cash from/(used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(239,552)	(598,303)
Proceeds from disposal of property, plant and equipment		-	516
Repayment of staff loans		137,220	-
Loans to staff, net		-	(1,426,364)
Interest received		282,412	65,495
		<u>180,080</u>	<u>(1,958,656)</u>
<b>Net cash from/(used in) investing activities</b>			

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2024**

	Note	2024 S\$	2023 S\$
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	34	(1,238,614)	(996,641)
Issuance of shares		<u>107,151</u>	<u>113,525</u>
<b>Net cash used in from financing activities</b>		<u>(1,131,463)</u>	<u>(883,116)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(126,120)</b>	<b>(3,887,046)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>11,853,222</b>	<b>15,770,924</b>
Effect of foreign exchange rate changes		<u>(5,543)</u>	<u>(30,656)</u>
<b>Cash and cash equivalents at end of year</b>		<u><b>11,721,559</b></u>	<u><b>11,853,222</b></u>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		<u>11,721,559</u>	<u>11,853,222</u>

## Notes to The Consolidated Financial Statements

### 1. GENERAL

Anacle Systems Limited (the “Company”) was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2017, the Company was converted into a “public company limited by shares” under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company’s registered office and principal place of business is 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633.

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

The principal activities of the Group are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services. The principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements.

### 2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

#### (a) Adoption of new/revised IFRSs – effective from 1 June 2023

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, none of these new or revised IFRSs has a material impact on the Group’s results and financial position for the current period. The Group has not early applied any new or amended IFRS that is not yet effective for the current accounting period.

#### Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

## Notes to The Consolidated Financial Statements

### 2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

#### (a) Adoption of new/revised IFRSs – effective from 1 June 2023 (Continued)

##### Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Continued)

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 4 to the consolidated financial statements.

#### (b) New/amended IFRSs that have been issued but are not yet effective

The following new or revised IFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to IAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Group are currently assessing the impact of these new accounting standards and amendments. Except for the impact on disclosure and presentation of financial statements that would be brought by IFRS 18, the directors of the Group do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements of the Group.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable IFRSs, International Accounting Standards (“IASs”) and Interpretations (hereinafter collectively referred to as the “IFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

#### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Singapore dollars (“S\$”), which is the same as the functional currency of the Company.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

#### (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.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

#### (b) Subsidiaries

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) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Computers	3 years
Furniture and fixtures	3 years
Plant and equipment	10 years
Leasehold improvements	Over the lease term

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (d) 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.

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 Group's incremental borrowing rate.

The payments less lease incentive 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 and generally be included in the Group's lease liabilities.

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.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (d) Leases (Continued)

##### **The Group as a lessee (Continued)**

##### Lease liabilities (Continued)

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.

#### (e) Financial instruments

##### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (e) Financial instruments (Continued)

##### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on trade receivables, contract assets and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables and contract assets using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is over 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.



## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (e) Financial instruments (Continued)

##### (ii) Impairment loss on financial assets (Continued)

The Group rebutted the presumption of significant increase in credit risk under ECL model for trade receivables and contract assets over 30 days past due based on the good repayment records for those customers and continuous business with the Group. Customers are assessed collectively based on provision matrix based on historical credit loss experience adjusted by forward looking estimates.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

##### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amount due to a director and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### (iv) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (f) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (g) Revenue recognition

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

*Contract revenue from the Group's projects of provision of enterprise application software solutions and energy management solution*

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

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

Contract balances relating to system integration contracts in progress were presented in the statement of financial position under "contract assets" or "contract liabilities" respectively. Details please refer to note 4(h).

*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.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (g) Revenue recognition (Continued)

##### *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.

#### (h) 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.

#### (i) Income taxes

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (i) Income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (j) 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.

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.

**Notes to The Consolidated Financial Statements****4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****(k) Employee benefits****(i) Short term employee benefits**

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

**(ii) Defined contribution retirement plan**

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

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes mandatory contributions to the Central Provident Fund in Singapore, a defined contribution scheme with individualised accounts fully-funded by both workers and employers.

**(l) 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 options 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. 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.

**(m) Government grants**

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

## Notes to The Consolidated Financial Statements

### 4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

#### (n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

## Notes to The Consolidated Financial Statements

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

- (i) Revenue recognition of contract revenue from projects of provision of enterprise application software solutions and energy management solutions

The Group recognises revenue from provision of enterprise application software solutions and energy management solutions over time by measuring the progress towards complete satisfaction of the relevant performance obligation. The progress is determined based on the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation by reference to the proportion of the actual costs incurred relative to the total expected contract costs, that best depict the Group's performance in creating or enhancing an asset under the customer's control. Notwithstanding that the management reviews and revises the estimates of total cost incurred and expected to be incurred for each individual project as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

#### Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within next financial year are as follows:

- (i) Share-based compensation arrangement

As mentioned in note 4(l), the Group has granted share options to its employees and other qualifying participants. The directors have adopted the Black-Scholes pricing model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by directors based on historical experience and other relevant factors in applying the Black-Scholes pricing model (note 33(c)). Changes in these estimates and judgments could materially affect the fair value of these options granted.

The fair value of share options granted to employees and other qualifying participants determined using the Black-Scholes pricing model was approximately S\$983,600 (equivalent to approximately HK\$5,644,000).

## Notes to The Consolidated Financial Statements

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Key sources of estimation uncertainty (Continued)

- (ii) Recoverability of contract assets for contracted enterprise application software solutions and energy management solutions services

The Group works on projects of provision of enterprise application software solutions and energy management solutions to customers before the customers pay consideration or before payments are due, contract assets are recognised for the earned considerations that are conditional. Contract assets are stated at cost less impairment. In assessing the recoverability of the contract assets, the Group regularly reviews and, where appropriate, adjusts the financial budget of each construction work based on work progress and latest available information (including correspondence with contract customers), and estimates the amount of foreseeable losses or attributable profits of each construction contract. When it is probable that total contract costs will exceed total contract revenue which indicates an impairment, the expected loss is recognised as an expense immediately. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

As at 31 May 2024, the Group recognised contract assets of S\$4,213,479 (2023: S\$2,103,074). The recoverability assessment of these contract assets involves significant estimations and judgements made by management when management prepares financial budgets of each construction work.

- (iii) Impairment assessment of trade receivables

As at 31 May 2024, the Group recorded gross trade receivables of S\$3,894,353 (2023: S\$4,710,596), before impairment provision of trade receivables of S\$71,354 (2023: S\$228,014). In general, the credit terms granted by the Group to the customers generally ranged from zero to three months. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.



## Notes to The Consolidated Financial Statements

## 6. SEGMENT REPORTING

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

The Group has two reportable segments. The following summary describes the operations in each of the Group's reportable segments:

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

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

## (a) Business segments

	Simplicity		Starlight		Total	
	2024 S\$	2023 S\$	2024 S\$	2023 S\$	2024 S\$	2023 S\$
Revenue from external customers	25,369,945	22,504,445	1,330,320	1,295,717	26,700,265	23,800,162
Gross profit	12,792,158	11,258,166	651,832	594,929	13,443,990	11,853,095
Reportable segment profit/(loss) before income tax	8,401,703	7,587,660	(389,717)	(472,606)	8,011,986	7,115,054
Legal and professional fee	2,632,737	2,083,822	215,810	309,539	2,848,547	2,393,361
Staff costs	12,155,546	9,938,933	1,025,405	1,169,122	13,180,951	11,108,055
Depreciation and amortisation	77,994	457,842	93,668	11,567	171,662	469,409
Provision for obsolete inventories	-	-	208,643	98,370	208,643	98,370
(Reversal of provision)/provision for expected credit loss – trade receivables and contract assets	(145,845)	150,829	14	(2,321)	(145,831)	148,508
Reportable segment assets	8,520,173	6,660,566	1,009,211	1,222,687	9,529,384	7,883,253
Additions to non-current assets	73,445	56,380	166,107	174,773	239,552	231,153
Reportable segment liabilities	3,334,370	3,203,043	139,349	240,137	3,473,719	3,443,180

## Notes to The Consolidated Financial Statements

### 6. SEGMENT REPORTING (Continued)

#### (b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2024 S\$	2023 S\$
<b>Profit before income tax</b>		
Reportable segment profit	8,011,986	7,115,054
Other revenue	405,816	344,890
Other gains and losses	(33,501)	(4,821)
Finance costs	(114,479)	(81,066)
Unallocated expenses:		
- Staff costs	(4,553,983)	(4,564,505)
- Share-based payments	(320,866)	-
- Rental expenses	(4,920)	(5,040)
- Auditor's remuneration	(177,022)	(146,872)
- Legal and professional fee	(261,265)	(216,388)
- Depreciation	(225,392)	(147,370)
- Depreciation of right-of-use assets	(1,081,806)	(973,046)
- Others (note 1)	(941,122)	(830,971)
Consolidated profit before income tax	<u>703,446</u>	<u>489,865</u>
	<b>2024 S\$</b>	<b>2023 S\$</b>
<b>Assets</b>		
Reportable segment assets	9,529,384	7,883,253
Bank balances and cash	11,721,559	11,853,222
Right-of-use assets	2,418,557	3,418,913
Property, plant and equipment	503,058	720,105
Unallocated corporate assets (note 2)	1,557,132	1,876,402
Consolidated total assets	<u>25,729,690</u>	<u>25,751,895</u>
	<b>2024 S\$</b>	<b>2023 S\$</b>
<b>Liabilities</b>		
Reportable segment liabilities	3,473,719	3,443,180
Other payables and accruals	1,650,897	1,734,337
Lease liabilities	2,582,118	3,575,282
Unallocated corporate liabilities	119,889	110,136
Consolidated total liabilities	<u>7,826,623</u>	<u>8,862,935</u>

Note 1: The unallocated other expenses mainly comprised the administrative expenses to support the daily corporate functions and certain sundry expenses incurred during the year.

Note 2: The unallocated corporate assets mainly comprised the staff loans and certain prepayments and rental deposits.

## Notes to The Consolidated Financial Statements

## 6. SEGMENT REPORTING (Continued)

## (c) Disaggregation of revenue

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

	Simplicity		Starlight		Total	
	2024 S\$	2023 S\$	2024 S\$	2023 S\$	2024 S\$	2023 S\$
<b>Timing of revenue recognition</b>						
<b>Transferred over time</b>						
- Project revenue	13,517,770	13,867,964	772,565	972,966	14,290,335	14,840,930
- Maintenance services	9,513,638	6,277,234	180,383	176,993	9,694,021	6,454,227
- Subscription	2,334,337	2,355,947	63,515	26,924	2,397,852	2,382,871
<b>Recognised at a point in time</b>						
- Sale of equipment	4,200	3,300	57,926	36,940	62,126	40,240
<b>Other sources</b>						
- Lease of equipment	-	-	255,931	81,894	255,931	81,894
	<u>25,369,945</u>	<u>22,504,445</u>	<u>1,330,320</u>	<u>1,295,717</u>	<u>26,700,265</u>	<u>23,800,162</u>
<b>Primary geographical markets</b>						
Singapore	23,987,908	20,856,871	1,283,730	1,286,595	25,271,638	22,143,466
Malaysia	13,799	14,580	22,020	-	35,819	14,580
Thailand	1,199,683	1,269,338	-	-	1,199,683	1,269,338
People's Republic of China (the "PRC")	58,623	75,113	-	-	58,623	75,113
Others	109,932	288,543	24,570	9,122	134,502	297,665
	<u>25,369,945</u>	<u>22,504,445</u>	<u>1,330,320</u>	<u>1,295,717</u>	<u>26,700,265</u>	<u>23,800,162</u>

## (d) Geographical information

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

	2024 S\$	2023 S\$
<b>Specified non-current assets</b>		
Singapore	3,144,715	4,237,117
India	<u>207,240</u>	<u>261,901</u>
	<u>3,351,955</u>	<u>4,499,018</u>

## Notes to The Consolidated Financial Statements

### 6. SEGMENT REPORTING (Continued)

#### (e) 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:

	2024 S\$	2023 S\$
Customer A	6,502,841	4,426,422
Customer B	2,843,751	2,344,423

### 7. OTHER REVENUE

	2024 S\$	2023 S\$
Government grants	121,685	408,116
Bank interest income	257,327	46,225
Staff loan interest income (note 17)	25,085	19,270
Others	3,823	4,911
	<u>407,920</u>	<u>478,522</u>

### 8. OTHER (LOSSES) AND GAINS

	2024 S\$	2023 S\$
Provision for obsolete inventories	(208,643)	(98,370)
Net exchange losses	(33,626)	(4,821)
Reversal of provision/(provision) for expected credit loss, net		
- Trade receivables and contract assets	145,831	(148,508)
	<u>(96,438)</u>	<u>(251,699)</u>

### 9. FINANCE COSTS

	2024 S\$	2023 S\$
Interest on lease liabilities	123,088	86,463

## Notes to The Consolidated Financial Statements

## 10. PROFIT BEFORE INCOME TAX

	2024 S\$	2023 S\$
Profit before income tax is arrived after charging/(crediting):		
Staff costs (including directors' emoluments (note 11))		
Salaries and allowances	15,913,112	14,212,156
Share-based payments	320,866	-
Contributions on defined contribution retirement plans	1,363,916	1,243,800
	<u>17,597,894</u>	<u>15,455,956</u>
Auditor's remuneration	177,022	146,872
Depreciation of property, plant and equipment	332,279	203,067
Depreciation of right-of-use assets	1,124,672	994,519
Amortisation of intangible assets	21,909	413,712
Loss on disposal of property, plant and equipment	14	-
(Reversal of provision)/provision for expected credit loss, net	(145,831)	148,508
Provision for obsolete inventories	208,643	98,370

## 11. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

2024	Directors' fees	Basic remuneration, allowances and benefits in kind	Share- based payments	Contribution on defined contribution retirement plans	Total
	S\$	S\$	S\$	S\$	S\$
<b>Executive Directors</b>					
Mr. Lau E Choon Alex	-	349,000	80,365	16,592	445,957
Mr. Ong Swee Heng	-	317,700	48,217	16,592	382,509
<b>Non-executive Directors</b>					
Prof. Wong Poh Kam	40,000	-	-	-	40,000
Dr. Chong Yoke Sin	40,000	-	-	-	40,000
Mr. Lee Suan Hiang	50,000	-	-	-	50,000
<b>Independent Non-executive Directors</b>					
Mr. Alwi Bin Abdul Hafiz	45,000	-	-	-	45,000
Mr. Mok Wai Seng	45,000	-	-	-	45,000
Mr. Chua Leong Chuan Jeffrey	40,000	-	-	-	40,000
	<u>260,000</u>	<u>666,700</u>	<u>128,582</u>	<u>33,184</u>	<u>1,088,466</u>

## Notes to The Consolidated Financial Statements

### 11. DIRECTORS' EMOLUMENTS (Continued)

2023	Directors' fees	Basic remuneration, allowances and benefits in kind	Contribution on defined contribution retirement plans	Total
	S\$	S\$	S\$	S\$
<b>Executive Directors</b>				
Mr. Lau E Choon Alex	-	384,000	17,340	401,340
Mr. Ong Swee Heng	-	348,000	17,340	365,340
<b>Non-executive Directors</b>				
Prof. Wong Poh Kam	25,000	-	-	25,000
Dr. Chong Yoke Sin	25,000	-	-	25,000
Mr. Lee Suan Hiang	40,000	-	-	40,000
<b>Independent Non-executive Directors</b>				
Mr. Alwi Bin Abdul Hafiz	25,000	-	-	25,000
Mr. Mok Wai Seng	25,000	-	-	25,000
Mr. Chua Leong Chuan Jeffrey	25,000	-	-	25,000
	165,000	732,000	34,680	931,680

No directors waived or agreed to waive any emoluments during the year ended 31 May 2024 (2023: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 May 2024 (2023: Nil).

### 12. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2023: three) individuals are as follows:

	2024 S\$	2023 S\$
Salaries, allowances and benefits in kind	892,002	878,240
Share-based payments	100,454	-
Contributions on defined contribution retirement plans	50,082	53,550
	1,042,538	931,790

## Notes to The Consolidated Financial Statements

## 12. FIVE HIGHEST PAID EMPLOYEES (Continued)

Their emoluments were within the following bands:

	2024 No. of individuals	2023 No. of individuals
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$172,354 to S \$258,531)	-	-
HK\$1,500,001 to HK\$2,000,000 (equivalent to S\$258,531 to S\$344,708)	2	2
HK\$2,000,001 to HK\$2,500,000 (equivalent to S\$344,708 to S\$430,885)	1	1
	<u>1</u>	<u>1</u>

The emoluments paid or payable to members of senior management were within the following bands:

	2024 No. of individuals	2023 No. of individuals
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$172,354 to S \$258,531)	1	3
HK\$1,500,001 to HK\$2,000,000 (equivalent to S\$258,531 to S\$344,708)	2	-
HK\$2,000,001 to HK\$2,500,000 (equivalent to S\$344,708 to S\$430,885)	1	1
	<u>1</u>	<u>1</u>

## 13. INCOME TAX EXPENSE

(a) Taxation in the consolidated statements of comprehensive income represents:

	2024 S\$	2023 S\$
Current tax expense		
- provision for the year	58,741	31,561
Deferred tax charge (note 29)	53,717	86,000
	<u>112,458</u>	<u>117,561</u>

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia, India, PRC, Australia, and Japan, the corporate taxes of the Company, Anacle Systems Sdn. Bhd., Anacle Systems (India) Private Limited, Anacle Systems (Shanghai) Co., Ltd., Anacle Systems Pty Ltd, and Anacle Systems Co., Ltd., are calculated at 17%, 17%, 29%, 25%, 25%, and 23.2% respectively for the financial years ended 31 May 2024 and 2023, on the taxable profit.

## Notes to The Consolidated Financial Statements

### 13. INCOME TAX EXPENSE (Continued)

(b) The income tax expense for the year can be reconciled to the profit before income tax in the consolidated statements of comprehensive income as follows:

	2024 S\$	2023 S\$
Profit before income tax	703,446	489,865
Tax expense calculated at Singapore income tax rate of 17%	119,586	83,277
Effect of different tax rates of the subsidiaries operating in other jurisdictions	(5,050)	(15,931)
Tax effect of revenue not taxable for tax purposes	(216)	(1,214)
Tax effect of expenses not deductible for tax purposes	42,381	44,276
Utilisation of tax losses previously not recognised	(1,688)	-
Recognition of tax losses previously not recognised	-	(24,210)
Tax effect of temporary differences previously not recognised	(42,555)	31,363
Income tax expense	112,458	117,561

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings	2024 S\$	2023 S\$
Profit for the purpose of basic earnings per share	593,125	374,287
Number of shares	2024	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share	405,321,399	403,096,268
Effect of dilutive potential ordinary shares:		
- share options	-	722,156
Weighted average number of ordinary shares for the purposes of diluted earnings per share	405,321,399	403,818,424

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares in 2024.



## Notes to The Consolidated Financial Statements

## 15. PROPERTY, PLANT AND EQUIPMENT

	Computers S\$	Furniture and fixtures S\$	Plant and equipment S\$	Leasehold improvements S\$	Total S\$
<b>Cost</b>					
At 1 June 2022	337,601	129,749	736,973	565,989	1,770,312
Additions	115,304	53,502	123,969	305,528	598,303
Disposal	(1,550)	-	-	-	(1,550)
Exchange alignment	(3,586)	(677)	(4,851)	-	(9,114)
At 31 May 2023	447,769	182,574	856,091	871,517	2,357,951
Additions	81,140	26,156	132,256	-	239,552
Disposal	(292)	-	(48,254)	-	(48,546)
Exchange alignment	(479)	(192)	(576)	-	(1,247)
At 31 May 2024	528,138	208,538	939,517	871,517	2,547,710
<b>Accumulated depreciation and impairment</b>					
At 1 June 2022	281,603	36,872	700,407	157,296	1,176,178
Charge for the year	51,158	25,577	8,770	117,562	203,067
Disposal	(1,034)	-	-	-	(1,034)
Exchange alignment	(3,245)	(299)	(2,203)	-	(5,747)
At 31 May 2023	328,482	62,150	706,974	274,858	1,372,464
Charge for the year	67,761	34,758	50,762	178,998	332,279
Disposal	(278)	-	(48,254)	-	(48,532)
Exchange alignment	(397)	(46)	(281)	-	(724)
At 31 May 2024	395,568	96,862	709,201	453,856	1,655,487
<b>Net carrying value</b>					
At 31 May 2024	132,570	111,676	230,316	417,661	892,223
At 31 May 2023	119,287	120,424	149,117	596,659	985,487

## Notes to The Consolidated Financial Statements

## 16. INTANGIBLE ASSETS

	Simplicity S\$	Simplicity (GEMINI) S\$	Starlight S\$	Starlight (Tesseract) S\$	SpaceMonster S\$	myBill.sg Portal S\$	Total S\$
<b>Cost</b>							
At 1 June 2022	2,916,009	187,831	1,214,714	1,984,926	64,310	1,880,777	8,248,567
Additions	-	-	-	-	-	-	-
At 31 May 2023	2,916,009	187,831	1,214,714	1,984,926	64,310	1,880,777	8,248,567
Additions	-	-	-	-	-	-	-
At 31 May 2024	2,916,009	187,831	1,214,714	1,984,926	64,310	1,880,777	8,248,567
<b>Accumulated amortisation and impairment</b>							
At 1 June 2022	2,916,009	128,361	1,214,714	1,984,926	64,310	1,504,626	7,812,946
Charge for the year	-	37,561	-	-	-	376,151	413,712
At 31 May 2023	2,916,009	165,922	1,214,714	1,984,926	64,310	1,880,777	8,226,658
Charge for the year	-	21,909	-	-	-	-	21,909
At 31 May 2024	2,916,009	187,831	1,214,714	1,984,926	64,310	1,880,777	8,248,567
<b>Net carrying value</b>							
At 31 May 2024	-	-	-	-	-	-	-
At 31 May 2023	-	21,909	-	-	-	-	21,909

## 17. STAFF LOANS

	2024 S\$	2023 S\$
Principal amount		
- key management personnel	1,183,049	1,270,000
- employee	243,315	250,000
Interest income	25,085	19,270
Repayment amount:		
- principal	(137,220)	(93,636)
- interest	(25,085)	(19,270)
Allowance for impairment losses	-	-
	<u>1,289,144</u>	<u>1,426,364</u>
Represented as		
- Current portion	<u>88,535</u>	<u>135,502</u>
- Non-current portion	<u>1,200,609</u>	<u>1,290,862</u>

In 2023 the Group has granted housing loans to three members of key management personnel and an employee who are full time employees of the Group at a market annual interest rate of 1.37% to 2.20%. The housing loans are denominated in Singapore Dollars and are repayable monthly over a term of 2 years to 20 years. The housing loans outstanding principal and interest are repayable on demand upon cessation of employment. The loans are repaid monthly by way of direct deduction from their salaries. The loans are strictly for the purpose of residential property purchase. The Group assessed that as at 31 May 2024, there was no indication of significant credit risk and no provision for impairment is necessary.

## Notes to The Consolidated Financial Statements

## 18. INTERESTS IN ASSOCIATES

	2024 S\$	2023 S\$
Share of net assets	-	-
	-	-

Particulars of the Group's interests in associates are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Percentage of ownership interest/ voting rights/ profit share	Principal activities
Real Icon Sdn Bhd ("Real Icon") (note (a))	Corporation	Malaysia	- (2023: 30%)	Provision of enterprise asset and energy management software and maintenance services
EASI Technology Co Ltd. ("EASI") (note (b))	Corporation	PRC	35% (2023: 35%)	Provision of enterprise asset and energy management and software and maintenance services

Notes:

- (a) On 9 February 2018, the Group entered into a joint venture agreement (the "Agreement") with a third party, Blue Meche Sdn Bhd. ("BMSB"). Pursuant to the Agreement, the Group committed to inject capital amounted to Rm1,000,000 to Real Icon, being a subsidiary of BMSB, for 30% of its issued share capital. Up to the date of the financial statement, capital injection amounted to Rm400,000 (equivalent to S\$135,830) has been paid.

The management assessed that the energy project in the State of Sarawak would not materialise and on 9 June 2023 the management of the Group disposed its investment in Real Icon for a S\$Nil consideration.

- (b) EASI was established to expand the market of the Company's software products to PRC market. During the year ended 31 May 2020, the Group's management decided to step down as the controlling party of EASI. The Company made an application to the local authority to amend the constitution of EASI, which changed the composition of the board of directors of EASI. Following this amendment, the remaining 50.1% interest in EASI was recognised as interest in an associate and equity accounted for. Since the cost on initial recognition of the investment is zero, it is classified as an immaterial associate of the Group.
- (c) As at 31 May 2024, the Group's share of accumulated unrecognised losses amounted to S\$16,064 for EASI (2023: S\$34,218 for Real Icon and EASI).

## Notes to The Consolidated Financial Statements

### 18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information in relation to Real Icon is presented below:

	2024 S\$	2023 S\$
<b>As at 31 May</b>		
Current assets	-	77,959
Non-current assets	-	11,882
Current liabilities	-	(189,068)
	<u>-</u>	<u>(99,227)</u>
Included in the above amounts are:		
Bank balances and cash	-	490
Current financial liabilities (excluding trade and other payables)	-	(181,082)
<b>Year ended 31 May</b>		
Loss for the year	-	(3,618)
	<u>-</u>	<u>(3,618)</u>
Total comprehensive loss	<u>-</u>	<u>(3,618)</u>
Included in the above amounts are:		
Depreciation and amortisation	-	2,399
	<u>-</u>	<u>2,399</u>

Summarised financial information in relation to EASI Technology Co. Ltd is presented below:

	2024 S\$	2023 S\$
<b>As at 31 May</b>		
Current assets	150,823	190,959
Non-current assets	4,111	7,327
Current liabilities	(88,903)	(139,760)
	<u>66,031</u>	<u>58,526</u>
Included in the above amounts are:		
Bank balances and cash	8,769	13,437
Current financial liabilities (excluding trade and other payables)	-	-
	<u>-</u>	<u>-</u>
<b>Year ended 31 May</b>		
Profit for the year	8,773	86,732
	<u>8,773</u>	<u>86,732</u>
Total comprehensive income	<u>8,773</u>	<u>86,732</u>
Included in the above amounts are:		
Depreciation and amortisation	6,478	6,487
	<u>6,478</u>	<u>6,487</u>

## Notes to The Consolidated Financial Statements

## 19. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 May 2024 were as follows:

Name of subsidiaries	Place of incorporation / operation	Issued and fully paid share capital / registered capital	Attributable equity interest held by the Company		Principal activities
			directly	indirectly	
Anacle Systems Sdn. Bhd.	Malaysia	RM100,000	100% (2023: 100%)	-	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems (India) Private Limited	India	Rs100,000	99.99% (2023: 99.99%)	-	Research and development, design, and supervise the manufacturing and assembly process of hardware products
Anacle Systems (Shanghai) Co Ltd.	PRC	-	100% (2023: 100%)	-	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems Pty Ltd	Australia	AUD200,000	100% (2023: 100%)	-	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems Co., Ltd.	Japan	JPY 10,000,000	100% (2023: Nil)	-	Provision of enterprise asset and energy management and software and maintenance services
EASI Holdings Pte. Ltd. ("EASI Pte")	Singapore	S\$10	70% (2023: 70%)	-	Investment holding

## 20. TRADE RECEIVABLES

	2024 S\$	2023 S\$
Trade receivables	3,894,353	4,710,596
Less: provision for expected credit loss	(71,354)	(228,014)
	3,822,999	4,482,582

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

	2024 S\$	2023 S\$
Within 1 month	3,340,480	3,864,765
2 to 3 months	457,468	540,797
4 to 6 months	25,051	52,240
7 to 12 months	-	24,780
	3,822,999	4,482,582

## Notes to The Consolidated Financial Statements

### 20. TRADE RECEIVABLES (Continued)

The Group and the Company recognised impairment loss based on the accounting policy stated in note 4(e). For details, please refer to note 39(a).

The Group has a policy allowing its customers credit periods normally ranging from 30 days to 90 days. The Group does not hold any collateral as security.

### 21. CONTRACT ASSETS

	2024 S\$	2023 S\$
Unbilled revenue from contracts in progress	4,234,652	2,114,593
Less: provision for expected credit loss	<u>(21,173)</u>	<u>(11,519)</u>
	<u>4,213,479</u>	<u>2,103,074</u>

Typical payment terms which impact on the amount of contract assets recognised are as follows:

#### Projects of provision of enterprise application software solutions and energy management solutions

The Group's project contracts of provision of enterprise application software solutions and energy management solutions include payment schedules which require stage payments over the contracted period once milestones are reached. Unbilled revenue is initially recognised for revenue earned from the provision of enterprise application software solutions and energy management solutions as the receipt of consideration is conditional on successful completion of projects. Upon completion of projects and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.

The Group classifies these contract assets as current because the Group expects to realise them in the normal operating cycle, i.e. expected to be realised within 12 months. Changes in the contract assets balances during the reporting period were due to normal business activities.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

After applying the expected credit loss rate to gross amount of contract assets, the management considered that the provision of impairment loss of contract assets amounted to S\$21,173 as at 31 May 2024 (2023: S\$11,519).

## Notes to The Consolidated Financial Statements

**22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
Deposits	713,061	280,092
Prepayments	89,320	276,412
Other receivables	2,010	10
	<u>804,391</u>	<u>556,514</u>

**23. INVENTORIES**

	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
Raw materials	120,826	374,776
Finished goods	366,837	364,123
	<u>487,663</u>	<u>738,899</u>

**24. TRADE PAYABLES**

	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
Trade payables	<u>263,238</u>	<u>253,599</u>

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

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

	<b>2024</b>	<b>2023</b>
	<b>S\$</b>	<b>S\$</b>
Within 1 month	262,892	253,599
1 to 2 months	346	-
	<u>263,238</u>	<u>253,599</u>

## Notes to The Consolidated Financial Statements

### 25. CONTRACT LIABILITIES

	2024	2023
	S\$	S\$
Contract liabilities arising from:		
Construction projects of Simplicity and Starlight	123,791	41,596
Advance income received for system enhancements and maintenance services	2,700,014	2,596,129
Total contract liabilities	<u>2,823,805</u>	<u>2,637,725</u>

#### Construction projects of Simplicity and Starlight

Where discrepancies arise between the milestone payments and the Group's assessment of the stage of completion, contract liabilities can arise for construction projects for Simplicity and Starlight.

#### Advance income received for system enhancement and maintenance services

For maintenance services income, the Group receives 10% to 50% of the contract value as deposits from new customers when they sign the maintenance services contracts. The advance payment results in contract liabilities being recognised until the relevant services are rendered by the Group.

The above contract liabilities balances are expected to be realised within 12 months.

#### Movements in contract liabilities:

	Construction projects S\$	Maintenance services S\$	Total S\$
Balance as at 1 June 2022	297,076	1,583,132	1,880,208
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(297,076)	(1,583,132)	(1,880,208)
Increase in contract liabilities as a result of billing in advance of construction contracts	41,596	-	41,596
Increase in contract liabilities as a result of advance payment received from customers for system enhancement and maintenance services	-	2,596,129	2,596,129
Balance as at 31 May 2023	41,596	2,596,129	2,637,725
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(41,596)	(2,596,129)	(2,637,725)
Increase in contract liabilities as a result of billing in advance of construction contracts	123,791	-	123,791
Increase in contract liabilities as a result of advance payment received from customers for system enhancement and maintenance services	-	2,700,014	2,700,014
Balance as at 31 May 2024	<u>123,791</u>	<u>2,700,014</u>	<u>2,823,805</u>



## Notes to The Consolidated Financial Statements

## 26. OTHER PAYABLES AND ACCRUALS

	2024 S\$	2023 S\$
Accruals	907,509	1,158,230
Other payables	641,946	585,550
Goods and Services Tax payables (note)	428,141	452,540
	<u>1,977,596</u>	<u>2,196,320</u>

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

## 27. PROVISION FOR WARRANTY

	2024 S\$	2023 S\$
At beginning of year	3,900	3,900
Reversal during the year	-	-
At end of year	<u>3,900</u>	<u>3,900</u>

The management also assesses the possibility of further warranty claim based on the Group's recent claim experience and considers the provision for warrant as at 31 May 2024 is adequate.

## 28. LEASE LIABILITIES

	2024 S\$	2023 S\$
<b>Current liabilities</b>		
Lease liabilities - current portion	<u>1,185,319</u>	<u>1,130,662</u>
<b>Non-current liabilities</b>		
Lease liabilities - non-current portion	<u>1,443,551</u>	<u>2,521,063</u>

## Lease liabilities

	Properties S\$
<b>At 1 June 2022</b>	<b>3,710,765</b>
Addition	932,908
Interest expense	86,463
Lease payments	(996,641)
Lease modification	(64,654)
Exchange alignment	(17,116)
<b>At 31 May 2023</b>	<b>3,651,725</b>
Interest expense	123,088
Lease payments	(1,238,614)
Lease modification	94,522
Exchange alignment	(1,851)
<b>At 31 May 2024</b>	<b>2,628,870</b>

## Notes to The Consolidated Financial Statements

### 28. LEASE LIABILITIES (Continued)

Future lease liabilities are payable as follows:

	Minimum lease payments S\$	Interest S\$	Present value S\$
<b>At 31 May 2024</b>			
Not later than one year	1,283,793	98,474	1,185,319
Later than one year and not later than five years	1,489,415	45,864	1,443,551
	<u>2,773,208</u>	<u>144,338</u>	<u>2,628,870</u>
<b>At 31 May 2023</b>			
Not later than one year	1,203,995	73,333	1,130,662
Later than one year and not later than five years	2,582,425	61,362	2,521,063
	<u>3,786,420</u>	<u>134,695</u>	<u>3,651,725</u>

The present value of future lease payments are analysed as:

	2024 S\$	2023 S\$
Current liabilities	1,185,319	1,130,662
Non-current liabilities	<u>1,443,551</u>	<u>2,521,063</u>
	<u>2,628,870</u>	<u>3,651,725</u>

### 29. DEFERRED TAXATION

Details of the deferred tax assets and liabilities recognised and movements during the year:

	Accelerated tax depreciation and amortisation S\$	Tax losses S\$	Total S\$
At 31 May 2022	(550)	178,000	177,450
Credit/(charge) to profit or loss for the year	758	(86,000)	(85,242)
Exchange alignment	14	-	14
	<u>222</u>	<u>92,000</u>	<u>92,222</u>
At 31 May 2023	222	92,000	92,222
Credit/(charge) to profit or loss for the year	38,283	(92,000)	(53,717)
Exchange alignment	(5)	-	(5)
	<u>38,500</u>	<u>-</u>	<u>38,500</u>
At 31 May 2024	38,500	-	38,500

## Notes to The Consolidated Financial Statements

## 29. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax balances for financial reporting purpose:

	2024 S\$	2023 S\$
Deferred tax liabilities	-	-
Deferred tax assets	38,500	92,222

As at 31 May 2024, the Group has unutilised tax losses of approximately S\$541,176 (2023: S\$597,176) that are available for offset against future taxable profits of the Group subject to agreement of the relevant authorities. A deferred tax has been recognised in respect of approximately S\$Nil (2023: S\$541,176) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately S\$1,157,166 due to the unpredictability of future profit streams.

## 30. SHARE CAPITAL

	Number of shares	Share capital S\$
Issued and fully paid:		
At 1 June 2022	402,900,738	20,874,677
Issuance of ordinary shares	2,378,945	113,525
At 1 June 2023	405,279,683	20,988,202
Issuance of ordinary shares	1,696,445	107,151
At 31 May 2024	406,976,128	21,095,353

Issuance of ordinary shares

On 23 May 2024, the Board of Directors of the Company approved allotment of 1,696,445 new ordinary shares to its employees according to the share option plan adopted on 10 March 2010 (the "2010 Plan") and another share option plan adopted on 18 December 2013 (the "2013 Plan").

On 2 May 2023, the Board of Directors of the Company approved allotment of 2,378,945 new ordinary shares to its employees according to the share option plan adopted on 10 March 2010 (the "2010 Plan") and another share option plan adopted on 18 December 2013 (the "2013 Plan").

## Notes to The Consolidated Financial Statements

### 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is the condensed statement of financial position of the Company as at 31 May 2024 and 2023.

	Notes	2024 S\$	2023 S\$
<b>Non-current assets</b>			
Property, plant and equipment		812,934	927,639
Right-of-use assets		2,331,781	3,287,569
Intangible assets		-	21,909
Staff loans		1,200,609	1,290,862
Investments in subsidiaries	19	2,089	2,089
Interest in an associate		-	-
Deferred tax assets		35,400	92,000
		<u>4,382,813</u>	<u>5,622,068</u>
<b>Current assets</b>			
Trade receivables		3,820,519	4,503,203
Contract assets		4,213,479	2,103,074
Other receivables, deposits and prepayments		762,640	402,179
Staff loans		88,535	135,502
Amount due from subsidiary		2,102	2,102
Inventories		335,554	568,033
Bank balances and cash		11,231,697	11,640,518
		<u>20,454,526</u>	<u>19,354,611</u>
<b>Current liabilities</b>			
Trade payables		357,511	841,234
Contract liabilities		2,807,170	2,637,725
Other payables and accruals		1,925,323	1,625,378
Amounts due to a subsidiary		-	-
Provision for warranty		3,900	3,900
Income tax payable		42,702	-
Lease liabilities		1,104,112	1,061,702
		<u>6,240,718</u>	<u>6,169,939</u>
<b>Net current assets</b>		<b><u>14,213,808</u></b>	<b><u>13,184,672</u></b>
<b>Total assets less current liabilities</b>		<b><u>18,596,621</u></b>	<b><u>18,806,740</u></b>
<b>Non-current liabilities</b>			
Provision for reinstatement cost		80,000	80,000
Lease liabilities		1,379,609	2,374,599
		<u>1,459,609</u>	<u>2,454,599</u>
<b>NET ASSETS</b>		<b><u>17,137,012</u></b>	<b><u>16,352,141</u></b>
<b>Capital and reserves</b>			
Share capital	30	21,095,353	20,988,202
Reserves	32	(3,958,341)	(4,636,061)
<b>TOTAL EQUITY</b>		<b><u>17,137,012</u></b>	<b><u>16,352,141</u></b>

Mr. Lau E Choon Alex  
Director

Mr. Ong Swee Heng  
Director

## Notes to The Consolidated Financial Statements

## 32. RESERVES

## Movement of the reserves of the Company

	Share premium S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	Accumulated losses S\$	Total S\$
At 1 June 2022	(1,376,024)	322,930	252	(3,886,657)	(4,939,499)
Profit for the year	-	-	-	303,438	303,438
Issuance of ordinary shares	-	(189,176)	-	189,176	-
At 31 May 2023	(1,376,024)	133,754	252	(3,394,043)	(4,636,061)
Profit for the year	-	-	-	356,854	356,854
Recognition of share based payment expenses	-	320,866	-	-	320,866
Exercise of share options	-	(133,845)	-	133,845	-
Disposal of investment in an associate	-	-	(252)	252	-
At 31 May 2024	(1,376,024)	320,775	-	(2,903,092)	(3,958,341)

## 33. SHARE-BASED PAYMENTS

The Board of Directors of the Group approved and adopted the 2010 Plan on 10 March 2010 the 2013 Plan on 18 December 2013 for the purpose of providing eligible individuals who are responsible for the management, growth and financial success of the Group or who otherwise render valuable services to the Group with the opportunity to acquire a proprietary interest, or increase their proprietary interest, in the Group and thereby encourage them to remain in the service of the Group.

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

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

All options under the 2010 Plan and 2013 Plan have been fully exercised during 2024.

## Notes to The Consolidated Financial Statements

### 33. SHARE-BASED PAYMENTS (Continued)

#### (a) The 2010 Plan

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

#### 2024

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the year	Exercise price S\$
		At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Employees	1-Jun-16	113,750	-	(113,750)	-	-	-	0.009

#### 2023

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the year	Exercise price S\$
		At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Employees	1-May-15	682,500	-	(682,500)	-	-	-	0.009
	1-Jun-16	227,500	-	(113,750)	-	-	113,750	0.009
Total		910,000	-	(796,250)	-	-	113,750	

#### (b) The 2013 Plan

#### 2024

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the year	Exercise price S\$
		At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Employees	1-Jun-16	1,582,695	-	(1,582,695)	-	-	-	0.067

#### 2023

Category of participant	Date of grant	Number of shares issuable under share options					At the end of the year	Exercise price S\$
		At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Employees	1-Jun-16	3,165,390	-	(1,582,695)	-	-	1,582,695	0.067

## Notes to The Consolidated Financial Statements

### 33. SHARE-BASED PAYMENTS (Continued)

#### (c) 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 Directors 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.

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.

During the year ended 31 May 2024, options were granted on 12 October 2023. The estimated fair values of the options granted on that date is approximately S\$983,600 (equivalent to HK\$5,644,000).

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	<b>2024</b>
Weighted average share price	HK\$0.250
Exercise price	HK\$0.256
Expected volatility	54.2% to 57.5%
Expected life	10 years
Risk-free rate	3.90% to 3.96%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company’s share price over the previous 8 years. The expected life used in the model has been adjusted, based on the directors’ best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All of the Post-IPO share options have not vested as at 31 May 2024.

## Notes to The Consolidated Financial Statements

### 33. SHARE-BASED PAYMENTS (Continued)

(d) The movement of number of outstanding share options and weighted average exercise prices of the share options are as follows:

	2024		2023	
	Weighted average exercise price S\$	Number	Weighted average exercise price S\$	Number
Outstanding at beginning of year	0.063	1,696,445	0.054	4,075,390
Granted during the year	0.045	39,915,849	-	-
Exercised during the year	0.063	(1,696,445)	0.048	(2,378,945)
Outstanding at the end of year	0.045	39,915,849	0.063	1,696,445

### 34. NOTES SUPPORTING CASH FLOW STATEMENTS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities S\$
At 31 May 2022	3,710,765
Changes from financing cash flows:	
Payment of lease liabilities	(996,641)
Total changes from financing cash flows	(996,641)
Other changes:	
Interest expense	86,463
Addition of new lease	932,908
Lease modification	(64,654)
Exchange alignment	(17,116)
Total liability-related other changes	937,601
At 31 May 2023	3,651,725
Changes from financing cash flows:	
Payment of lease liabilities	(1,238,614)
Total changes from financing cash flows	(1,238,614)
Other changes:	
Interest expense	123,088
Lease modification	94,522
Exchange alignment	(1,851)
Total liability-related other changes	215,759
At 31 May 2024	2,628,870



## Notes to The Consolidated Financial Statements

## 35. LEASES

## (a) Leases as lessee

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

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

## (i) Right-of-use assets

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

	Properties S\$
At 1 June 2022	3,612,984
Addition	952,908
Depreciation charge for the year	(994,519)
Lease modification	(63,071)
Exchange alignment	(16,680)
	<hr/>
At 31 May 2023	3,491,622
Depreciation charge for the year	(1,124,672)
Lease modification	94,522
Exchange alignment	(1,740)
	<hr/>
At 31 May 2024	2,459,732

## (ii) Amounts recognised in profit or loss

	S\$
<b>2024</b>	
Interest on lease liabilities	123,088
Expenses relating to short-term leases and leases of low-value assets	4,920
	<hr/>
	128,008
	<hr/>
Aggregate undiscounted commitments for short-term leases	-
	<hr/>
	S\$
<b>2023</b>	
Interest on lease liabilities	86,463
Expenses relating to short-term leases and leases of low-value assets	5,040
	<hr/>
	91,503
	<hr/>
Aggregate undiscounted commitments for short-term leases	-
	<hr/>

## Notes to The Consolidated Financial Statements

### 35. LEASES (Continued)

#### (a) Leases as lessee (Continued)

##### (iii) Amounts recognised in consolidated statement of cash flows

	S\$
2024	
Total cash outflow for leases	<u>(1,238,614)</u>
	S\$
2023	
Total cash outflow for leases	<u>(996,641)</u>

#### (b) Leases as lessor

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

Rental income recognised by the Group during 2024 was S\$255,931 (2023: S\$81,894).

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

	2024 S\$	2023 S\$
Within one year	269,292	148,512
Within two to five years	<u>621,137</u>	<u>341,052</u>
	<u>890,429</u>	<u>489,564</u>

### 36. CAPITAL COMMITMENTS

	2024 S\$	2023 S\$
Commitments for the acquisition of:		
Investment in an associate	<u>-</u>	<u>175,980</u>

## Notes to The Consolidated Financial Statements

### 37. RELATED PARTY TRANSACTIONS

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

	2024 S\$	2023 S\$
<b>With subsidiaries</b>		
R&D service charge	609,965	705,405
Provision of manpower	137,953	-
Purchase of finished goods	17,431	49,308
Sale of raw materials	-	84,108
Royalty fee	81,291	9,952
<b>With an associate</b>		
Provision of manpower and other charges from an associate, EASI (note)	336,551	346,515

Note:

The transaction were made at prices mutually agreed by both parties.

- (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2024 S\$	2023 S\$
Salaries, allowances and benefits in kind	1,714,326	1,741,189
Share-based payments	235,062	-
Contributions on defined contribution retirement plans	103,812	98,176
	2,053,200	1,839,365

- (c) With respect to the staff loans disclosed in notes 7 and 17, in 2023, the Group granted housing loans to three key management personnel amounting to S\$1,270,000, bearing interest rates ranging from 1.37% to 2.20%. As of 31 May 2024, the carrying amount of these staff loans totaled S\$1,056,041 (2023: S\$1,183,049), with a total interest of S\$19,835 (2023: S\$15,646).

### 38. MATERIAL INTEREST OF DIRECTORS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

## Notes to The Consolidated Financial Statements

### 39. CAPITAL RISK MANAGEMENT

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings representing the lease liabilities as shown in the consolidated statement of financial position less bank balances and cash. Total capital is calculated as equity as shown in the consolidated statement of financial position.

During the year, the Group's strategy was to maintain a minimum gearing ratio. The gearing ratio as at the end of the year was as follows:

	2024 S\$	2023 S\$
Total debt	2,628,870	3,651,725
Less: bank balances and cash	<u>(11,721,559)</u>	<u>(11,853,222)</u>
Net cash	<u>(9,092,689)</u>	<u>(8,201,497)</u>
Total equity	<u>17,903,067</u>	<u>16,888,960</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>

### 40. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below.

#### (a) Credit risk

The carrying amounts of bank balance and cash, trade and other receivables, contract assets, and staff loans represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are public listed banks in Singapore or state-owned commercial banks in China. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating.

For trade and other receivables and contract assets, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Most of these balances are due from stated-owned enterprises or major customers with good repayment history. There was no material default of the balances in the past.

## Notes to The Consolidated Financial Statements

## 40. FINANCIAL RISK MANAGEMENT (Continued)

## (a) Credit risk (Continued)

Trade receivables and contract assets

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicated significantly different loss patterns for different customer segments, the grouping for trade receivables for the assessment of ECLs is by due date aging, while one group represents a credit-impaired customer with significant risk of default.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

## 2024

By Due Day	Not past due	Within 1 month	1 – 3 months	Over 3 months	Default customer	Total
Expected credit loss rate (%)	0.45%	1.38%	6.09%	-	100%	
Gross carrying amount (S\$)	7,698,662	350,198	28,560	-	51,585	8,129,005
Loss allowance (S\$)	34,386	4,818	1,738	-	51,585	92,527

## 2023

By Due Day	Not past due	Within 1 month	1 – 3 months	Over 3 months	Default customer	Total
Expected credit loss rate (%)	0.44%	0.63%	4.22%	17.40%	100%	
Gross carrying amount (S\$)	6,121,894	271,560	204,634	30,000	197,101	6,825,189
Loss allowance (S\$)	26,844	1,720	8,648	5,220	197,101	239,533

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and contract assets.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

## Notes to The Consolidated Financial Statements

### 40. FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2024 S\$	2023 S\$
At beginning of year	239,533	94,688
(Reversal of provision)/provision for the year, net	(145,831)	148,508
Exchange difference	(1,175)	(3,663)
At end of year	<u>92,527</u>	<u>239,533</u>

Staff loans

In respect of other receivables related to the housing loans to key management personnel and employee, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Receivables balances are monitored on an ongoing basis, management makes periodic collective assessment as well as individual assessment on the recoverability of loans, loans receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and any other qualitative factors and ensure that follow-up action is taken to recover overdue debts. In this regard, management considers that the Group's credit risk is significantly reduced and the credit risk for such is minimal.

#### (b) Liquidity risk

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 1 year or on demand S\$	More than 1 year but less than 2 years S\$	More than 2 years but less than 5 years S\$
<b>2024</b>					
Trade payables	263,238	263,238	263,238	-	-
Other payables and accruals	1,549,455	1,549,455	1,549,455	-	-
Amount due to a director	9,325	9,325	9,325	-	-
Provision for reinstatement cost	80,000	80,000	-	-	80,000
Lease liabilities	2,628,870	2,773,208	1,283,793	1,155,341	334,074
	<u>4,530,888</u>	<u>4,675,226</u>	<u>3,105,811</u>	<u>1,155,341</u>	<u>414,074</u>

## Notes to The Consolidated Financial Statements

## 40. FINANCIAL RISK MANAGEMENT (Continued)

## (b) Liquidity risk (Continued)

	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 1 year or on demand S\$	More than 1 year but less than 2 years S\$	More than 2 years but less than 5 years S\$
<b>2023</b>					
Trade payables	253,599	253,599	253,599	-	-
Other payables and accruals	1,743,780	1,743,780	1,743,780	-	-
Amount due to a director	9,530	9,530	9,530	-	-
Provision for reinstatement cost	80,000	80,000	-	-	80,000
Lease liabilities	3,651,725	3,786,420	1,203,995	1,209,899	1,372,526
	<u>5,738,634</u>	<u>5,873,329</u>	<u>3,210,904</u>	<u>1,209,899</u>	<u>1,452,526</u>

## (c) Interest rate risk

Other than bank balances with variable interest rates, the Group has no other significant interest bearing assets. Management does not anticipate any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk mainly arises from lease liabilities as disclosed in note 28. Lease liabilities were issued at fixed rates which expose the Group to fair value interest risk. The Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

## (d) Currency risk

The Group mainly operated in Singapore with most of the transactions settled in Singapore Dollars and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

## 41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities recognised at the end of reporting period were categorised as follows:

	2024 S\$	2023 S\$
<b>Financial assets</b>		
Financial assets at amortised cost	<u>17,548,773</u>	<u>18,042,270</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised costs	<u>4,530,888</u>	<u>5,738,634</u>

## 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reviewed by the Audit Committee and approved and authorised for issue by the Board of Directors on 21 August 2024.



# ANACLE SYSTEMS LIMITED

**2024 Annual Report**  
For the financial year ended  
31 May 2024

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