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Anacle Systems Limited

安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Stock Code: 8353)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 AUGUST 2024

The board of directors (the “**Directors**”) of Anacle Systems Limited (the “**Company**”) is pleased to announce the unaudited first quarterly financial results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 August 2024 (the “**2024/25 First Quarterly Results Announcement**”). The 2024/25 First Quarterly Results Announcement of the Group is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.anacle.com.

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

Executive Director and Chief Executive Officer

Singapore, 11 October 2024

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

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

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

** for identification purpose only*

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

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

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

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

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DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period” or “1Q 2025”	the three months ended 31 August 2024
“1Q 2024”	the three months ended 31 August 2023
“Required Standard of Dealings”	the required standard of dealings in securities pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Ordinary Share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “Singapore dollars”	the lawful currency of Singapore

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the respective meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)

Prof. Wong Poh Kam

Dr. Chong Yoke Sin

Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Chua Leong Chuan Jeffrey

Mr. Mok Wai Seng

BOARD COMMITTEES

Audit Committee

Mr. Mok Wai Seng (*Chairman*)

Dr. Chong Yoke Sin

Mr. Chua Leong Chuan Jeffrey

Remuneration Committee

Mr. Alwi Bin Abdul Hafiz (*Chairman*)

Prof. Wong Poh Kam

Mr. Chua Leong Chuan Jeffrey

Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Mr. Mok Wai Seng

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Ms. Tsang Oi Yin

Ms. Sylvia Sundari Poerwaka

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex

Mr. Ong Swee Heng

INDEPENDENT AUDITOR

BDO Limited

HONG KONG SHARE REGISTRAR

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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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

12 Marina Bay Boulevard

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Singapore 018982

COMPANY WEBSITE

www.anacle.com

GEM STOCK CODE

8353

FINANCIAL HIGHLIGHTS

	Three months ended	
	31 August 2024 (unaudited) S\$	31 August 2023 (unaudited) S\$
Revenue	7,135,485	5,481,305
Gross profit	3,569,114	2,558,985
Profit/(loss) before tax	335,148	(337,210)

▲ 30.2% REVENUE

Total revenue increased by 30.2% or S\$1,654,180 during the First Quarter 2025. This was due to improving market conditions resulting in revenue increases from all product segments.

▲ 39.5% GROSS PROFIT

Gross profit for Simplicity® and Starlight® increased by S\$973,894 and S\$36,235 respectively due primarily to higher revenue earned for both segments.

▲ S\$672,358 PROFIT BEFORE TAX

Profit before tax was due primarily to increased gross profit and decreased sales & marketing expenses as we did not have any marketing events scheduled during the First Quarter 2025 compared to First Quarter 2024.

DIVIDEND

The Board did not declare the payment of a dividend for the three months ended 31 August 2024 (31 August 2023: S\$ Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 August	
		2024 (unaudited) S\$	2023 (unaudited) S\$
Revenue	5c	7,135,485	5,481,305
Cost of sales		(3,566,371)	(2,922,320)
Gross profit		3,569,114	2,558,985
Other revenue	6	94,215	74,719
Other losses	7	(55,051)	(2,385)
Marketing and other operating expenses		(681,315)	(856,325)
Administrative expenses		(1,786,009)	(1,454,943)
Research and development costs		(776,047)	(636,340)
Finance costs	9	(29,759)	(20,921)
Profit/(loss) before income tax	8	335,148	(337,210)
Income tax credit	10	288	10,707
Profit/(loss) for the period		335,436	(326,503)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		(7,286)	(5,229)
Total comprehensive income for the period		328,150	(331,732)
Profit/(loss) for the period attributable to:			
Owners of the Company		336,161	(326,388)
Non-controlling interests		(725)	(115)
		335,436	(326,503)
Total comprehensive income for the period attributable to:			
Owners of the Company		328,875	(331,617)
Non-controlling interests		(725)	(115)
		328,150	(331,732)
		Singapore cents	Singapore cents
Earnings/(loss) per share attributable to owners of the Company			
- Basic	12	0.08	(0.08)
- Diluted	12	0.08	(0.08)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total S\$
	Ordinary share capital	Share premium	Share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Non- controlling interests		
	S\$	S\$	S\$	S\$	S\$	S\$		
As at 1 June 2024 (audited)	21,095,353	(1,376,024)	320,775	2,795	(2,083,161)	(56,671)	17,903,067	
Profit for the period	-	-	-	-	336,161	(725)	335,436	
Other comprehensive income	-	-	-	(7,286)	-	-	(7,286)	
Total comprehensive income	-	-	-	(7,286)	336,161	(725)	328,150	
Recognition of share- based payment expenses	-	-	127,208	-	-	-	127,208	
As at 31 August 2024 (unaudited)	21,095,353	(1,376,024)	447,983	(4,463)	(1,747,000)	(57,396)	18,358,453	
At 1 June 2023 (audited)	20,988,202	(1,376,024)	133,754	7,945	(2,810,383)	(54,534)	16,888,960	
Loss for the period	-	-	-	-	(326,388)	(115)	(326,503)	
Other comprehensive income	-	-	-	(5,229)	-	-	(5,229)	
Total comprehensive income	-	-	-	(5,229)	(326,388)	(115)	(331,732)	
As at 31 August 2023 (unaudited)	20,988,202	(1,376,024)	133,754	2,716	(3,136,771)	(54,649)	16,557,228	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the three months ended 31 August 2024 (the “**2024/25 First Quarterly Financial Statements**”) were approved for issue by the Board on 11 October 2024.

2. BASIS OF PREPARATION

The 2024/25 First Quarterly Financial Statements have been prepared in accordance with applicable disclosure requirements of the GEM Listing Rules. These financial statements are unaudited but have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

The 2024/25 First Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2024 (“**2024 Financial Statements**”).

The 2024/25 First Quarterly Financial Statements have been prepared under the historical cost basis and are presented in Singapore Dollar (“**S\$**”), which is the same as the functional currency of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Revenue recognition

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

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

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

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

Revenue from maintenance service

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

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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) 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.

(b) Government grants

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

(c) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

(d) Income taxes

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Income taxes (Continued)

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

(e) Employee benefits

Short term employee benefits

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

Defined contribution retirement plan

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

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

(f) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) 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.

(h) Leases

The Group as a lessee

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. 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

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Key sources of estimation uncertainty (Continued)

(i) Share-based compensation arrangement (Continued)

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. 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).

(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.

The recoverability assessment of contract assets involves significant estimations and judgements made by management when management prepares financial budgets of each construction work.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. 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:

- i. 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
- ii. 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

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$
Revenue from external customers	6,775,029	5,200,813	360,456	280,492	7,135,485	5,481,305
Gross profit	3,414,399	2,440,505	154,715	118,480	3,569,114	2,558,985
Reportable segment profit/(loss)	2,136,216	1,471,356	(18,727)	(106,945)	2,117,489	1,364,411
Staff costs	3,275,218	2,771,867	267,964	285,928	3,543,182	3,057,795
Legal and professional fee	698,553	522,147	55,609	46,812	754,162	568,959
Depreciation and amortisation	15,961	18,490	24,201	13,342	40,162	31,832
Reversal of provision – trade receivables and contract assets	-	(2,912)	-	-	-	(2,912)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment profit or loss

	Three months ended 31 August	
	2024 (Unaudited) S\$	2023 (Unaudited) S\$
Reportable segment profit	2,117,489	1,364,411
Other revenue	94,215	74,719
Other losses	(72,484)	(5,297)
Finance costs	(28,177)	(20,921)
Unallocated expenses:		
- Staff costs	(1,029,590)	(925,934)
- Share-based payments	(127,208)	-
- Rental expense	(1,230)	(1,231)
- Legal and professional fee	(94,334)	(42,993)
- Depreciation	(56,204)	(55,862)
- Depreciation of right-of-use assets	(272,656)	(276,067)
- Others	(194,673)	(448,035)
Consolidated profit/(loss) before income tax	335,148	(337,210)

(c) Disaggregation of revenue

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

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$
Timing of revenue recognition						
Transferred over time						
- Project revenue	3,621,297	2,452,425	226,297	166,796	3,847,594	2,619,221
- Maintenance services	2,160,253	1,759,316	30,976	41,270	2,191,229	1,800,586
- Subscription	993,479	989,072	16,305	10,959	1,009,784	1,000,031
Recognised at a point of time						
- Sale of equipment	-	-	13,075	10,910	13,075	10,910
Other sources						
- Lease of equipment	-	-	73,803	50,557	73,803	50,557
	6,775,029	5,200,813	360,456	280,492	7,135,485	5,481,305

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (Continued)

(c) Disaggregation of revenue (Continued)

	<u>Simplicity</u>		<u>Starlight</u>		<u>Total</u>	
	Three months ended 31 August					
	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$	2024 (unaudited) S\$	2023 (unaudited) S\$
Primary geographical market						
Singapore	6,410,233	4,821,608	319,276	279,574	6,729,509	5,101,182
Thailand	327,245	338,444	-	-	327,245	338,444
Malaysia	13,966	3,498	8,758	-	22,724	3,498
PRC	9,551	5,547	-	-	9,551	5,547
Others	14,034	31,716	32,422	918	46,456	32,634
	6,775,029	5,200,813	360,456	280,492	7,135,485	5,481,305

6. OTHER REVENUE

	Three months ended 31 August	
	2024 (unaudited) S\$	2023 (unaudited) S\$
	Government grants	3,279
Bank interest income	83,729	55,428
Staff loan interest income	5,836	6,531
Others	1,371	228
	94,215	74,719

7. OTHER LOSSES

	Three months ended 31 August	
	2024 (unaudited) S\$	2023 (unaudited) S\$
	Net exchange losses	(55,152)
Reversal of provision – trade receivables and contract assets	-	2,912
Reversal of provision for obsolete inventories	101	-
	(55,051)	(2,385)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 31 August	
	2024 (unaudited) S\$	2023 (unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	4,109,964	3,564,317
Share-based payments	127,208	-
Contributions on defined contribution retirement plans	337,626	299,164
	4,574,798	3,863,481
Depreciation of property, plant and equipment	85,541	78,304
Depreciation of right-of-use assets	283,481	276,067
Amortisation of intangible assets	-	9,390
Reversal of provision for expected credit loss, net	-	(2,912)

9. FINANCE COSTS

	Three months ended 31 August	
	2024 (unaudited) S\$	2023 (unaudited) S\$
Interest on lease liabilities	29,759	20,921

10. INCOME TAX CREDIT

	Three months ended 31 August	
	2024 (unaudited) S\$	2023 (unaudited) S\$
Current tax credit		
- overprovision for prior year	480	10,707
- deferred tax charge	(192)	-
	288	10,707

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 periods ended 31 August 2024 and 2023, on the taxable profit.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. DIVIDEND

The Board has not declared the payment of a dividend for the three months ended 31 August 2024 (31 August 2023: S\$ Nil).

12. EARNINGS/(LOSS) PER SHARE

For the three months ended 31 August 2024, the basic and diluted earnings per share of the Company was 0.08 Singapore cents. The calculation is based on the profit attributable to the owners of the Company of S\$ 336,161 and 406,976,128 Ordinary Shares in issue. The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market price for shares during the Period.

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

13. SHARE CAPITAL

	Number of shares	Share capital S\$
Issued and fully paid:		
At 1 June 2024 (audited) and 31 August 2024 (unaudited)	406,976,128	21,095,353

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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.

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: (a) subscription and support services and (b) professional services. Subscription and support revenue accounted for approximately 79.2% of our total revenue for 1Q 2025, with 78.1% coming from Simplicity® segment and 100.0% 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue from updates support and professional services

Revenue from updates support and professional services are collectively presented in note 3(a) to the unaudited condensed 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.

Results of Operations

The following table provides an overview of our operating results for the three months ended 31 August 2024 (“1Q 2025”) and the three months ended 31 August 2023 (“1Q 2024”):

	1Q 2025 S\$	% of Total Revenue	1Q 2024 S\$	% of Total Revenue
Revenue	7,135,485	100.00	5,481,305	100.00
- Subscription and support services	5,654,046	79.24	4,353,647	79.43
- Professional services	1,481,439	20.76	1,127,658	20.57
Cost of Sales	(3,566,371)	(49.98)	(2,922,320)	(53.31)
- Subscription and support services	(2,671,523)	(37.44)	(2,125,154)	(38.77)
- Professional services	(894,848)	(12.54)	(797,166)	(14.54)
Gross Profit	3,569,114	50.02	2,558,985	46.69
- Subscription and support services	2,982,523	41.80	2,228,493	40.66
- Professional services	586,591	8.22	330,492	6.03
Operating Expenses	(3,243,371)	(45.45)	(2,947,608)	(53.78)
- Research and development	(776,047)	(10.88)	(636,340)	(11.61)
- Sales, marketing, and distribution	(681,315)	(9.55)	(856,325)	(15.62)
- General and administrative	(1,786,009)	(25.03)	(1,454,943)	(26.54)
Income/(loss) from Operations	325,743	4.57	(388,623)	(7.09)
Other revenue	94,215	1.32	74,719	1.36
Other losses	(55,051)	(0.77)	(2,385)	(0.04)
Finance costs	(29,759)	(0.42)	(20,921)	(0.38)
Profit/(loss) before tax	335,148	4.70	(337,210)	(6.15)
Income tax credit	288	0.00	10,707	0.20
Net profit/(loss) after tax	335,436	4.70	(326,503)	(5.96)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue

Our total revenue for 1Q 2025 and 1Q 2024, were as follows:

	1Q 2025 S\$	1Q 2024 S\$	Variance S\$	Variance %
Subscription and support services	5,654,046	4,353,647	1,300,399	29.87
Professional services	1,481,439	1,127,658	353,781	31.37
Total	7,135,485	5,481,305	1,654,180	30.18

The increase in subscription and support services revenue for 1Q 2025 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 increase in professional services revenue was due primarily to completion of two system implementations for our multi-year transformation engagements.

Revenue by Product Line

Product line	1Q 2025 S\$	1Q 2024 S\$	Variance S\$	Variance %
Simplicity® Real Estate	4,113,036	3,136,026	977,010	31.15
Simplicity® Digital Workplace	1,977,245	1,462,679	514,566	35.18
Simplicity® Utilities	684,748	602,108	82,640	13.73
Starlight®	360,456	280,492	79,964	28.51
Total	7,135,485	5,481,305	1,654,180	30.18

Revenue by product line is determined based on the product line subscribed to or purchased by the customer. Growth was dominated by Simplicity® Real Estate and Simplicity® Digital Workplace due to the delivery of major projects for both product lines.

Revenue by Geography

Country	1Q 2025 S\$	1Q 2025 %	1Q 2024 S\$	1Q 2024 %
Singapore	6,729,509	94.31	5,101,182	93.07
Thailand	327,245	4.59	338,444	6.17
Malaysia	22,724	0.32	3,498	0.06
China	9,551	0.13	5,547	0.10
India	32,000	0.45	-	-
Brunei Darussalam	14,034	0.20	11,717	0.21
Philippines	422	0.01	917	0.02
Hong Kong	-	-	20,000	0.36
Total	7,135,485	100.00	5,481,305	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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.

Costs and Expenses

Our costs and expenses for 1Q 2025 and 1Q 2024, were as follows:

	1Q 2025 S\$	1Q 2024 S\$	Variance S\$	Variance %
Cost of Sales (A)	3,566,371	2,922,320	644,051	22.04
- Subscription and support services	2,671,523	2,125,154	546,369	25.71
- Professional services	894,848	797,166	97,682	12.25
Operating Expenses (B)	3,243,371	2,947,608	295,763	10.03
- Research and development	776,047	636,340	139,707	21.95
- Sales, marketing, and distribution	681,315	856,325	(175,010)	(20.44)
- General and administrative	1,786,009	1,454,943	331,066	22.75
Total (A+B)	6,809,742	5,869,928	939,814	16.01

Cost of Sales

Cost of subscription and support services was S\$2,671,523 for 1Q 2025, compared to S\$2,125,154 for 1Q 2024, an increase of S\$546,369 or 25.71% which was in line with 29.87% increase in subscription and support services revenue. 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\$894,848 for 1Q 2025, compared to S\$797,166 for 1Q 2024, an increase of S\$97,682 or 12.25%. The increase in cost of professional services aligned with 31.37% increase in professional services revenue with improved staff productivity.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Operating Expenses

Research and development expenses were S\$776,047 for 1Q 2025, compared to S\$636,340 for 1Q 2024, an increase of S\$139,707 or 21.95%. As a percentage of total revenue, research and development expenses were stable at 10.88% in 1Q 2025 and 11.61% in 1Q 2024. The increase in research and development expenses was primarily due to higher average headcount as we continue 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.

Sales, marketing, and distribution expenses were S\$681,315 for 1Q 2025, compared to S\$856,325 for 1Q 2024, a decrease of S\$175,010 or 20.44%. As a percentage of total revenue, sales, marketing and distribution expenses were 9.55% in 1Q 2025 and 15.62% in 1Q 2024. The decrease 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, partially offset by an increase in sales and marketing expenses of our new office in Japan in 1Q 2025. 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\$1,786,009 for 1Q 2025, compared to S\$1,454,943 for 1Q 2024, an increase of S\$331,066 or 22.75%. As a percentage of total revenue, general and administrative expenses were also stable at 25.03% in 1Q 2025 and 26.54% in 1Q 2024. General and administrative expenses primarily comprised 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), and depreciation expenses. We expect general and administrative expenses will increase in absolute dollars as we invest in our general and administrative structures to support business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Operating Income and Operating Margin

Our operating income and margin for 1Q 2025 and 1Q 2024, were as follows:

	1Q 2025	1Q 2024	Variance (absolute)	Variance (%)
Operating income/(loss) (S\$)	325,743	(388,623)	714,366	183.82
Operating margin (%)	4.57	(7.09)	11.7	164.39

Operating income increased to a profit of S\$325,743 in 1Q 2025 from a loss of S\$388,623 in 1Q 2024, primarily due to our revenue growth outpacing growth of operating expenses.

Other Income and Expenses

	1Q 2025 S\$	1Q 2024 S\$	Variance S\$	Variance (%)
Other revenue	94,215	74,719	19,496	26.09
Other losses	(55,051)	(2,385)	(52,666)	2208.22

Other revenue consists primarily of interest income and government grant. Interest income from our bank fixed deposits was S\$83,729 1Q 2025 compared to S\$55,428 in 1Q 2024 due to an increase in principal amounts. Interest income from staff loans decreased to S\$5,836 in 1Q 2025 from S\$6,531 in 1Q 2024 due principal repayments. Government grants decreased sharply in 1Q 2025 at S\$3,279 compared to 1Q 2024 at S\$12,532 because of the expiry of job growth incentive grants.

Other losses were mainly due to foreign currency exchange fluctuations related to our bank fixed deposit denominated in United States dollars.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 August 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 ⁽²⁾	Total interest	Approximate percentage of the Company's issued Shares ⁽¹⁾
Mr. Lau E Choon Alex ⁽³⁾ ("Mr. Lau")	Beneficial interest	45,572,000	10,000,000	60,572,000	14.88%
	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 August 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 August 2024:

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 August 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 ⁽⁴⁾
Ng Yen Yen ⁽¹⁾	Beneficial interest	-	5,000,000	60,572,000	14.88%
	Interest of spouse	45,572,000	10,000,000		
Lim Lay Hong ⁽²⁾	Interest of spouse	22,750,000	6,000,000	28,750,000	7.06%
M1 TeliNet Pte. Ltd. ⁽³⁾	Beneficial interest	20,259,000	-	20,259,000	4.98%
M1 Limited ⁽³⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Konnectivity Pte. Ltd. ⁽³⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Konnect Pte. Ltd. ⁽³⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Corporation Limited ⁽³⁾	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 August 2024 (i.e. 406,976,128 Shares).

Save as disclosed above, as at 31 August 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016.

The Board of Director of the Company granted/conditionally granted an aggregate of 39,915,849 Post-IPO Share Options (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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Reporting Period	Exercised during the Reporting Period	At end of the Reporting Period	Exercise price
Executive Directors	12 Oct 2023	16,000,000	12 Oct 2024-12 Oct 2027	-	-	16,000,000	HK\$0.256
Senior management	12 Oct 2023	10,000,000	12 Oct 2024-12 Oct 2027	-	-	10,000,000	HK\$0.256
Employee	12 Oct 2023	5,000,000	12 Oct 2024-12 Oct 2027	-	-	5,000,000	HK\$0.256

As at 31 August 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.

Save as disclosed above, at no time during the Reporting Period 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIVIDEND

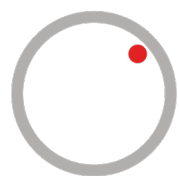
The Board has resolved not to declare the payment of a dividend for the three months ended 31 August 2024 (31 August 2023: S\$Nil).

AUDIT COMMITTEE

The Board established the Audit Committee on 24 November 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises two independent non-executive Directors, namely Mr. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey and one non-executive Director, Dr. Chong Yoke Sin. Mr. Mok Wai Seng was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company. The 2024/25 First Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

On behalf of the Board
Anacle Systems Limited
Lau E Choon Alex
Executive Director and Chief Executive Officer

Singapore, 11 October 2024



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