



Anacle Systems Limited 安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)

Stock code: 8353

PLACING



Sole Sponsor and Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



CROSBY

* For identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent legal advice.



Anacle Systems Limited

安科系統有限公司*

(incorporated in the Republic of Singapore with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 100,000,000 Shares (subject to the Offer Size Adjustment Option)
Maximum Placing Price : HK\$0.91 per Placing Share, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%
Nominal value : Nil
Stock code : 8353

Sole Sponsor and Sole Global Coordinator



Joint Bookrunners



CROSBY

Joint Lead Managers



CROSBY



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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Placing Price is currently expected to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is scheduled on or around Friday, 9 December 2016 (Hong Kong time), or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). If the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Placing Price by Thursday, 15 December 2016 (Hong Kong time) (or such later time and/or date as agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)), the Placing will not become unconditional and will lapse immediately.

Potential investors of the Placing should note that the Sole Global Coordinator (on behalf of the Underwriters) is entitled to terminate its obligations under the Underwriting Agreement by giving a notice in writing to, among others, our Company upon the occurrence of any of the events set out in the section headed "Underwriting — Grounds for Termination" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Global Coordinator (on behalf of the Underwriters) terminate its obligations under the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the Placing will not proceed and will lapse.

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30 November 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Potential 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

The principal means of information dissemination on GEM is by publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, potential investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE⁽¹⁾

Expected Price Determination Date on⁽²⁾ Friday, 9 December 2016

Announcement of the determination of the Placing Price
and the level of indication of interest in the Placing
to be published on the Stock Exchange's website
at **www.hkexnews.hk** and our Company's website
at **www.anacle.com**⁽³⁾ on or before Thursday, 15 December 2016

Allotment of the Placing Shares on or before Thursday, 15 December 2016

Despatch of share certificates for the Placing Shares
into CCASS on or before ^(4 and 5) Thursday, 15 December 2016

Dealings in our Shares on GEM expected
to commence at 9:00 a.m. on ⁽⁶⁾ Friday, 16 December 2016

Notes:

- (1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. If there is any change to the above expected timetable, we will make an appropriate announcement on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.anacle.com** to inform investors accordingly.
- (2) The Price Determination Date is expected to be on or around Friday, 9 December 2016 (or such later date as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)). If the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Placing Price on the Price Determination Date, the Placing will not become unconditional and will lapse immediately.
- (3) None of our Company's website or any of the information contained in the website forms part of this prospectus.
- (4) The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on or before Thursday, 15 December 2016 for credit to the relevant CCASS Participants' stock accounts designated by the Joint Bookrunners (for themselves and on behalf of the Underwriters), the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued.
- (5) All share certificates for the Placing Shares will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.
- (6) For details of the structure of the Placing, including the conditions thereof, please refer to the section headed "Structure and Conditions of the Placing" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, Sole Global Coordinator, Joint Bookrunners, Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, Sole Global Coordinator, Joint Bookrunners, Joint Lead Managers and the Underwriters, any of their respective directors, officers, employees, affiliates and/or representatives or any other persons or parties involved in the Placing.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Placing Shares.

There are risks associated with any investment in companies listed on GEM. Some of the particular risks in investing in the Placing Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

OVERVIEW

Established in 2006, we are a fast-growing IT company based in Singapore. We specialise in offering, via the on-premise model and SaaS delivery model, (i) enterprise application software which is designed to assist commercial property and building owners in managing their real estate assets and facilities, and (ii) energy management system which is designed to assist commercial property and building owners in monitoring and managing their energy consumption. Besides researching, designing, developing and implementing software and hardware solutions, we also provide upgrades, maintenance and after-sales support to our customers. Our products reach end-users across various countries and regions including Singapore, Malaysia, Taiwan and other Asian countries, and various industries including commercial real estate, education, healthcare, government, utilities and oil and gas. Our mission is to empower enterprises with modern big data business analytics and monitoring technologies so that they can improve their business efficiency, gather business intelligence and ultimately enhance their financial performance.

According to the Frost & Sullivan Report, our Group ranked the 40th in the enterprise application software industry in Singapore in terms of revenue in 2015, and the aggregate market share of the top 100 players in the enterprise application software industry in Singapore was approximately 80% in 2015. We operate in two small and specialised niche markets in relation to the overall enterprise application software market and overall building energy management software market in Singapore. The commercial property management software market accounted for approximately 6.0% of the overall enterprise application software market in Singapore in terms of revenue in 2015. According to the Frost & Sullivan Report, we ranked as the second largest provider of commercial property management software in Singapore in 2015 in terms of revenue. The retrofit building energy management system market in Singapore accounted for approximately 19.9% of the overall building energy management software market in Singapore in terms of revenue in 2015. Further, according to the Frost & Sullivan Report, we ranked as the third largest provider of building energy management systems in the retrofit market in Singapore in 2015 in terms of revenue. The good entrepreneurial atmosphere and favourable government policies in Singapore allow us to grow and expand our business and product offerings. Our revenue grew over 50.0% from the financial year ended 31 May 2015 to S\$11.1 million for the financial year ended 31 May 2016.

During the Track Record Period, we derived a majority of our revenue from **Simplicity**, our self-developed enterprise application software solution, and **Starlight**, our self-developed energy management solution. **Simplicity** offers specific solutions for enterprise asset management, shared resources management, tenancy management, supply chain management, customer relationship management and financial management. **Starlight** combines software and hardware components and is a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles, which helps end-users better manage their energy usage and save costs. Leveraging on our in-depth knowledge and experience in the commercial property industry in Singapore, we have developed and launched an online portal called "**SpaceMonster**" specifically designed to bring together and match people who need short-term meeting and leisure facilities with organisations that own or manage such venues.

SUMMARY

The table below sets out a breakdown of our revenue by product during the Track Record Period:

	For the financial years ended 31 May			
	2015		2016	
	S\$	%	S\$	%
Simplicity	5,621,227	76.7	8,660,605	78.1
Starlight	1,703,369	23.3	2,429,395	21.9
SpaceMonster	—	—	280	—
Total	<u>7,324,596</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

We offer **Simplicity** and **Starlight** to our customers through the on-premise model or the SaaS delivery model. On-premise solutions are generally project based. They are installed and run on computers or servers on the customers' premises, which generally offer more customisations and require more technical support. SaaS-based solutions are charged by subscription fee and are run remotely via, for example, cloud, and generally offer more standard and common features to customers.

The table below sets out a breakdown of our revenue under the on-premise delivery and SaaS models for **Simplicity** and **Starlight** during the Track Record Period:

	For the financial year ended 31 May			
	2015		2016	
	S\$	% of total	S\$	% of total
Simplicity				
On-premise delivery	5,301,364	94.3	8,169,830	94.3
SaaS	<u>319,863</u>	<u>5.7</u>	<u>490,775</u>	<u>5.7</u>
Total	<u>5,621,227</u>	<u>100.0</u>	<u>8,660,605</u>	<u>100.0</u>
Starlight				
On-premise delivery	1,703,369	100.0	2,417,560	99.5
SaaS	—	—	11,835	0.5
Total	<u>1,703,369</u>	<u>100.0</u>	<u>2,429,395</u>	<u>100.0</u>

Our Group mainly derives revenue from two sources: (i) project-based revenue by providing professional services, sales of meters and licences on ad hoc customer requirements at the initial system implementation phase; and (ii) recurring service income which comes from a combination of the revenue from the recurring maintenance and services requests from the end-users under our on-premise model, as well as the recurring subscription fees derived from our SaaS model.

BACKLOG

Backlog represents our estimate of the aggregated contract value of our projects which remain to be completed as at a certain date from signed and legally-binding contracts, net of estimated GST. Backlog is not an audited measure defined by IFRS. Please see section headed "Business — Backlog and New Contract" in this prospectus for details.

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The table below sets out net of estimated GST, our backlog at the end of the financial years ended 31 May 2015 and 31 May 2016:

	Financial year ended 31 May 2015		2016	
	S\$	%	S\$	%
	Backlog at the end of the period		Backlog at the end of the period	
<i>Simplicity</i>	<u>5,449,186</u>	<u>81.1</u>	<u>7,896,470</u>	<u>88.6</u>
<i>Starlight</i>	<u>1,273,291</u>	<u>18.9</u>	<u>1,012,669</u>	<u>11.4</u>
Total for <i>Simplicity</i> and <i>Starlight</i>	<u>6,722,477</u>	<u>100.0</u>	<u>8,909,139</u>	<u>100.0</u>

The table below sets out the revenue from our backlog expected to be recognised for the following periods:

	For the six months ending 30 November 2016 <i>(Unaudited, S\$)</i>	For the six months ending 31 May 2017 <i>(Unaudited, S\$)</i>
<i>Simplicity</i>	3,324,728	2,042,345
<i>Starlight</i>	<u>1,021,068</u>	<u>41,603</u>
Total	<u>4,345,796</u>	<u>2,083,948</u>

Our Directors would like to emphasise that the expected revenue recognition stated above are the current estimation for reference purposes and the actual amounts to be recognised are subject to adjustments based on audit and the then changes in variables and assumptions. Please see the section headed "Risk Factors — Our backlog may not be indicative of our future results of operations" in this prospectus for details.

OUR STRENGTHS

We believe that our strengths include the following:

- well-positioned to benefit from the developments in the commercial real estate market and the proposed liberalisation of the energy retail market in Singapore;
- our deep domain knowledge in key industry sectors, which has helped us seize unique market positions with minimal direct competition;
- our strong research and development capabilities;
- our extensive sales and distribution network covering a strong and diversified range of end-users through our channel partners; and
- our dedicated and experienced management team.

OUR STRATEGIES

We plan to pursue the following strategies:

- enhance and expand our product offerings and to acquire server infrastructure to support our new product launches;

SUMMARY

- strengthen our sales and marketing efforts, and reinforce our brand and product image;
- acquire a company in Hong Kong or the PRC and a company in Qatar or the UAE;
- set up a manufacturing, assembly and testing plant for our hardware components; and
- expand our senior management team.

OUR CUSTOMERS

Our major customers include multi-national corporations, state-owned enterprises and government authorities in Singapore. For each of the two financial years ended 31 May 2015 and 2016, the revenue generated from our five largest customers accounted for approximately 51.3% and 61.6% of the total amount of our revenue, respectively; the revenue generated from our largest customer (a channel partner) accounted for approximately 25.5% and 47.6% of the total amount of our revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties, and none of our customers were also our suppliers.

Further information is set out in the section headed “Business — Customers” on pages 184 to 187 of this prospectus.

OUR SUPPLIERS

Our suppliers mainly consist of hardware component suppliers and subcontractors which provide installation services or manufacturing services. We carefully select our hardware components suppliers based on various criteria, including price, credit term, lead time, brand, specifications and quality of components. We also conduct periodic assessments with our suppliers to ensure their compliance with our quality standards. For each of the two financial years ended 31 May 2015 and 31 May 2016, the purchase from our five largest suppliers accounted for approximately 32.8% and 28.2% of the total amount of our cost of sales, respectively; the purchases generated from our largest supplier accounted for approximately 14.3% and 13.6% of the total amount of our cost of sales, respectively. During the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers were Independent Third Parties.

Further information is set out in the section headed “Business — Suppliers” on pages 187 to 189 of this prospectus.

OUR SUBCONTRACTORS

During the Track Record Period, we had subcontracted primary production and assembly of the hardware components of **Starlight** to a subcontractor which is an Independent Third Party located in Malaysia. We had also engaged four installation subcontractors based in Singapore to carry out the installation of **Starlight**. For each of the two financial years ended 31 May 2015 and 2016, our subcontracting costs amounted to approximately S\$822,000 and S\$957,000, representing approximately 19.7% and 21.8% of our total cost of sales, respectively.

SALES AND MARKETING

During the Track Record Period and up to the Latest Practicable Date, we had sold our products by direct sales and through our channel partners. For each of the two financial years ended 31 May 2015 and 31 May 2016, approximately 61.3% and 46.9% of our products were sold by direct sales, and approximately 38.7% and 53.1% of our products were sold through our channel partners, respectively.

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For our direct sales, we generally identify potential projects through (i) receiving formal invitations to tender or otherwise becoming aware of open tenders; or (ii) requests for quotations from our customers or their agents. For each of the financial years ended 31 May 2015 and 31 May 2016, revenue from tender accounted for approximately 53.3% and 34.7% of our total revenue, respectively. For our sales through our channel partners, we carefully select our channel partners based on various criteria, including their immediate opportunities at hand, local and industry brand strength and presence, strength of sales and distribution network, strength of delivery team and their willingness to co-invest in dedicated resources to do marketing with us.

The relationship between our Group and each of our channel partners is seller and buyer. As at 31 May 2016, we had 12 channel partners with whom we had entered into channel partner agreements.

During the Track Record Period, we had promoted our brand and products through participating in different trade shows and seminars.

We typically price our products on a cost-plus basis taking into account our customers' budget, our internal costs, our competitors' pricing and the strategic value of securing the customers. The type of sales (whether it is direct sales or sales through channel partners) generally does not affect our pricing.

LEGAL AND COMPLIANCE

To the best of our Directors' knowledge, during the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations.

SALES THROUGH A CHANNEL PARTNER TO MYANMAR

During the Track Record Period, we sold our **Starlight** energy management products to a channel partner in Singapore, which were eventually delivered to an end user located in Myanmar (Burma) where certain Sanctioned Persons are located. The amount of revenue derived from such sales amounted to approximately S\$9,142 and S\$1,500, which represented approximately 0.12% and 0.01% of our total revenue for each of two financial years ended 31 May 2015 and 2016, respectively. As advised by Hogan Lovells, our legal advisors as to International Sanctions laws, the eventual delivery of our products to locations in Myanmar during the Track Record Period would not implicate the application of any International Sanctions laws on our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, HKSCC and HKSCC Nominees. Please see the section headed "Business — Sales Through a Channel Partner to Myanmar" for details of our business activities in that country, our various undertakings to the Stock Exchange and the relevant internal control procedures. Our Directors undertake not to enter into prohibited activities under the relevant sanctions laws and regulations that would expose our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, HKSCC or HKSCC nominees to risk of being sanctioned. We have set up and maintained a separate bank account, which is designated for the sole purpose of the deposit and deployment of the listing proceeds. Our Directors do not expect any significant increase or decrease in our Group's sales to the channel partner in Singapore upon Listing.

WAIVERS

Pertaining to the circumstances specific to our Company, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the requirements under (i) Rules 5.14 and 11.07 of the GEM Listing Rules in relation to the appointment of Ms. Sylvia Sundari POERWAKA as one of our joint company secretaries; and (ii) Rule 12.11 of the GEM Listing Rules in relation to the automatic and mandatory conversion of our Preference Shares into Ordinary Shares on the Listing Date. Please refer to the section headed "Waivers" on pages 51 to 53 on this prospectus for further details.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of consolidated statements of profit or loss and other comprehensive income

The following sets out selected items of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

	Financial year ended	
	31 May 2016	
	2015	2016
	S\$	S\$
Revenue	7,324,596	11,090,280
Gross profit	3,152,069	6,706,960
Marketing and other operating expenses	(954,209)	(722,285)
Administrative expenses	(2,558,397)	(2,832,682)
(Loss)/profit before income tax	(332,743)	3,221,240
(Loss)/profit for the year	(354,218)	2,493,698
Other comprehensive income	16,176	33,805
Total comprehensive income for the year	(338,042)	2,527,503
Adjusted profit/(loss) for the year (unaudited)^(Note)	(245,281)	3,251,523
Adjusted EBITDA (unaudited)^(Note)	239,663	4,597,495

Note: Adjusted profit/(loss) is defined as profit or loss for the period by excluding share-based payments and Listing-related expenses. Adjusted EBITDA is defined for the period before finance costs, income tax, depreciation and amortisation, further adjusted to exclude share-based payments and expenses relating to the Listing. The terms of both adjusted profit/(loss) and adjusted EBITDA are not defined under IFRS. Please see section headed "Financial Information — Non-IFRS Measures" on page 254 for details.

We had accumulated a net loss of S\$354,218 in the year ended 31 May 2015, which explains why certain key financial ratios are not available on pages 9 and 272 of this prospectus. However, we were able to turnaround with a net profit of approximately S\$2.5 million in the year ended 31 May 2016.

Our Group's primary operational expenses during the Track Record Period were sales and marketing as well as general and administrative expenses. The aggregate sales and marketing as well as general and administrative expenses of our Group amounted to approximately S\$3.5 million in the financial year ended 31 May 2015, and approximately S\$3.6 million in the year ended 31 May 2016, which represented a stable trend.

Our gross profit for the financial year ended 31 May 2015 was however approximately S\$3.2 million, compared to approximately S\$6.7 million for the financial year ended 31 May 2016. As a result, our gross profit for the financial year ended 31 May 2015 was not sufficient to cover our sales and marketing as well as general and administrative expenses, resulting in a net loss of S\$354,218 during that financial year.

The significant growth in our gross profit from FY2015 to FY2016 was due to two factors: (i) the increase in our revenue from approximately S\$7.3 million in the financial year ended 31 May 2015 to approximately S\$11.1 million in the financial year ended 31 May 2016 as the result of our sales and marketing initiatives launched in 2014 and 2015; and (ii) the increase in our gross profit margin from approximately 43.0% in FY2015 to approximately 60.5% in FY2016, primarily due to the improved project delivery methodology adopted for our **Simplicity** projects.

With the major investments in research and development and marketing since December 2013, our Group was able to grow its business and turned around into a net profit position in FY2016. These efforts have been reflected in its year-on-year financial performance from FY2015 to FY2016 with (i) a 51.4% growth in revenue; (ii) a 112.8% growth in gross profit and (iii) a 17.5% increase in its gross profit margin from 43.0% to 60.5%; and (iv) economies of scale from our operations.

SUMMARY

Our Group's accumulated losses of S\$2.1 million at the beginning of the Track Record Period were mainly attributable to the current year loss of approximately S\$3.1 million during the financial year ended 31 May 2014, which was in turn attributable to (i) aggressive staff recruitment from a total of 69 staff in the financial year ended 31 May 2013, to 126 in the financial year ended 31 May 2014. In association with the increased headcount, our Group's engineers' and service consultants' working hours increased and resulted in a total of approximately S\$8.6 million staff-related expenses, which was approximately S\$2.2 million higher than those of financial year ended 31 May 2015; (ii) losses from aggressive pricing to win two strategic projects; (iii) replacement of defective meters and (iv) office relocation charges. Please refer to the section headed "Financial Information — Accumulated losses at beginning of the Track Record Period" on page 252 of this prospectus for details.

During the Track Record Period, sales of **Simplicity** contributed to the majority of our revenue and accounted for approximately S\$5.6 million or 76.7% and approximately S\$8.7 million or 78.1% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. The revenue from **Simplicity** increased approximately S\$3.1 million, mainly due to the additional project revenue generated from the provision of installation services whilst our services income derived from the recurring maintenance and services requests from end-users under our on-premise model, as well as the recurring income deriving from our SaaS model was able to maintain at a stable level from S\$0.3 million in 2015, to S\$0.5 million in 2016.

The sales of **Starlight** increased by approximately S\$0.7 million or 42.6% from approximately S\$1.7 million in 2015, to approximately S\$2.4 million in 2016. The increase was mainly due to the increase in project based revenue of approximately S\$0.7 million in 2016, as we secured more orders from Singapore with an increase in the number of projects by 18. We also started to deploy the SaaS model by renting out meters and providing associated services for **Starlight** in 2016, which generated approximately S\$11,835 during the year.

During the Track Record Period, our Group received government grants amounting to S\$155,880 in the financial year ended 31 May 2015 and S\$204,203 in the financial year ended 31 May 2016, representing approximately 2.1% and 1.8%, respectively, of our total revenue during the same periods. We presented these government grants as other revenue in our financial statements.

The table below sets out the breakdown of the government grants received by our Group:

	For the financial year ended 31 May	
	2015	2016
	S\$	S\$
Employment credit	90,132	110,501
Productivity and Innovation Credit	32,545	60,000
Release of deferred capital grant	33,048	33,048
Staff training grant	155	654
	<u>155,880</u>	<u>204,203</u>

The employment credit scheme was introduced by the Singapore government to help employers to cope with rising staff salaries and to encourage companies to hire elderly Singaporeans and disabled workers. The scheme was available to Singapore employers that hire Singaporean workers. The main pre-condition of this grant was that the employer had to be a Singapore employer hiring Singaporean workers.

The Productivity and Innovation Credit scheme ("**PIC**") was administered by the Inland Revenue Authority of Singapore. The purpose of the PIC scheme was to encourage Singapore companies to undertake improvements in productivity and innovation. All Singapore companies were eligible for the scheme.

SUMMARY

Deferred capital grants pertaining to the government grants were received by our Group for the development of our Group's **Starlight** wireless technology. The grants were capitalised and amortised over the useful life of the capitalised **Starlight** wireless technology.

Government grants were non-recurring in nature and were recognised by our Group when there was reasonable assurance that the grants would be received and that our Group would comply with the conditions attached. The basis of calculation of the amounts differ for different types of grants. For instance, the amount granted under the employment credit scheme would be based on the number of elderly employees.

The table below illustrates a breakdown of our revenue by products and by region during the Track Record Period:

	FY2015								FY2016							
	Simplicity		Starlight		Space Monster		Total		Simplicity		Starlight		Space Monster		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Singapore	5,499,284	97.8	1,419,869	83.4	—	—	6,919,153	94.5	8,595,790	99.3	2,191,888	90.2	280	100.0	10,787,958	97.3
Malaysia	—	—	274,358	16.1	—	—	274,358	3.7	—	—	236,007	9.7	—	0.0	236,007	2.1
Others <i>(Note)</i>	121,943	2.2	9,142	0.5	—	—	131,085	1.8	64,815	0.7	1,500	0.1	—	0.0	66,315	0.6
	<u>5,621,227</u>	<u>100.0</u>	<u>1,703,369</u>	<u>100.0</u>	<u>—</u>	<u>—</u>	<u>7,324,596</u>	<u>100.0</u>	<u>8,660,605</u>	<u>100.0</u>	<u>2,429,395</u>	<u>100.0</u>	<u>280</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

Note: Others include Brunei and Taiwan.

During the Track Record Period, our revenue was derived primarily from Singapore, accounting for approximately S\$6.9 million or 94.5% and approximately S\$10.8 million or 97.3% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. We also started to enter into the enterprise software sector in Malaysia, recording approximately S\$0.3 million or 3.7%, and approximately S\$0.2 million or 2.1% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. Apart from Singapore and Malaysia, we also sold a small portion of both **Simplicity** and **Starlight** products in Brunei and Taiwan, which together generated S\$131,085 or 1.8% and S\$66,315 or 0.6% of our revenue for the financial years ended 31 May 2015 and 2016, respectively.

Summary of consolidated statements of financial position

The table below sets out the principal components of our assets and liabilities as at 31 May 2015 and 2016:

	As at 31 May	
	2015	2016
	S\$	S\$
Non-current assets	3,482,913	4,063,165
Current assets	3,150,857	6,031,478
Current liabilities	1,497,839	2,030,412
Net current assets	1,653,018	4,001,066
Total equity attributable to owners of our Company	5,085,633	7,814,984

SUMMARY

Summary of consolidated statements of cash flows

	Financial year ended	
	31 May	
	2015	2016
	S\$	S\$
Operating cash flows before changes in working capital	267,355	4,015,328
Adjusted for listing expenses	—	555,977
Adjusted operating cash flows before changes in working capital (unaudited)^(Note)	267,355	4,571,305
Net cash (used in)/generated from operating activities	(202,339)	3,866,748
Net cash used in investing activities	(2,297,160)	(1,631,421)
Net cash used in financing activities	(41,088)	(81,089)
Net (decrease)/increase in cash and cash equivalents	(2,540,587)	2,154,238
Cash and cash equivalents at beginning of year	3,149,481	613,097
Cash and cash equivalents at end of year	613,097	2,773,551

Note: Adjusted operating cash flow is defined as the amount before changes in working capital for the period by excluding Listing-related expenses. The term of adjusted operating cash flow before changes in working capital is not defined under IFRS. Please see section headed "Financial Information — Non-IFRS Measures" on page 254 for details.

We had a net cash inflow from operating activities before changes in capital but had a net cash outflow from operating activities in FY2015, which was mainly due to (i) the decrease in other payables and accruals; (ii) the decrease in amounts due to customers; (iii) the decrease in provision for warranty; (iv) the decrease in trade payables; and (v) the increase in inventories.

Further information on our financial information during the Track Record Period is set out in the section headed "Financial Information" in this prospectus.

SELECTED KEY FINANCIAL RATIOS

	FY2015	FY2016
Gross profit margin	43.0%	60.5%
Net profit margin	—	22.5%
Adjusted net profit margin	—	29.3%
Gearing ratio	1.5%	0.5%
Current ratio	2.1x	3.0x
Quick ratio	1.7x	2.8x
Return on equity	—	31.9%
Return on assets	—	24.7%

Notes:

- (1) The gross profit margin is calculated by dividing the gross profit by the revenue for the respective year multiplied by 100%.
- (2) The net profit margin is calculated by dividing the net profit by the revenue for the respective year multiplied by 100%.
- (3) The adjusted net profit margin is calculated by dividing the net profit by the revenue for the respective year and multiplied by 100%.

Net profit for the financial year ended has been adjusted to exclude the one-off Listing expenses of S\$555,977 and share-based payment of S\$201,848. Please refer to "Financial Information — Non-IFRS Measures" for details.

- (4) The gearing ratio is calculated by dividing total bank borrowings by total equity as at the end of respective year multiplied by 100%.
- (5) The current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year.

SUMMARY

- (6) The quick ratio is calculated by dividing current assets less inventory by current liabilities as at the end of the respective year.
- (7) Return on equity equals the net profit attributable to Shareholders divided by the average balance of total equity as at the end of the respective year multiplied by 100%.
- (8) Return on assets is calculated by the net profit for the year divided by the average balance of total assets as at the end of the respective year multiplied by 100%.

The table below sets out the breakdown of the gross profit by our products and services during the Track Record Period:

	FY2015		FY2016	
	Gross profit S\$	Gross margin %	Gross profit S\$	Gross margin %
Simplicity	2,962,552	52.7	6,454,513	74.5
Starlight	189,947	11.2	266,628	11.0
SpaceMonster	(430)	—	(14,181)	—
Total	<u>3,152,069</u>	43.0	<u>6,706,960</u>	60.5

Our overall gross profit margin increase was primarily attributable to the increase in the gross profit margin of **Simplicity** from 52.7% to 74.5% during the period, which was due to (i) the increase in number of projects from 66 to 73 in the financial years 2015 and 2016, respectively, mainly secured from NEC Asia Pacific Pte. Ltd., and (ii) the effective cost of sales control as we rationalised our staff allocation to **Simplicity** with only approximately an 8.5% increase, and (iii) we managed to successfully reduce the professional fee and system fee for approximately 62.0% and 70.2% from FY2015 to FY2016, respectively.

Further information on our ratio analysis during the Track Record Period is set out in the section headed “Financial Information — Selected Key Financial Ratios” on page 272 of this prospectus.

LISTING EXPENSES

Our Listing expenses mainly include underwriting commissions and professional fees in relation to the Listing. The total expenses (based on the mid-point of our indicative Placing Price range and including underwriting commissions) for the Listing is estimated to be approximately HK\$23.7 million. During the Track Record Period, we incurred actual listing expenses of approximately HK\$4.0 million, of which approximately HK\$3.0 million was charged to our consolidated statement of profit or loss for the financial year ended 31 May 2016 and prepaid listing expenses of approximately HK\$1.0 million as at 31 May 2016, are expected to be charged against equity as deduction against the Placing proceeds upon successful Listing under the relevant accounting standards. We expect to incur additional listing expenses of approximately HK\$19.7 million, of which approximately HK\$13.2 million is expected to be charged to our consolidated statement of profit or loss for the financial year ending 31 May 2017 and approximately HK\$6.5 million to be capitalised as deferred expenses that is expected to be charged against equity upon successful Listing under the relevant accounting standards.

In view of the above, potential investors should note that our financial results for the year ending 31 May 2017 will be adversely affected by the non-recurring expenses in relation to the Listing. Accordingly, our Group’s net profit for the financial year ending 31 May 2017 may decrease as compared to the net profit for the financial year ended 31 May 2016 as a result of the listing expenses and share-based compensation as described in the paragraph headed “Pre-IPO Share Option” below. Our Directors would like to emphasise that the expenses in relation to the Listing are a current estimate for reference only and the final amounts to be

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recognised in the equity and the statement of profit or loss and other comprehensive income of our Group for the financial year ending 31 May 2017 are subject to adjustment due to changes in estimates and assumptions.

RECENT DEVELOPMENT

Based on our unaudited management accounts for the four months ended 30 September 2016, our revenue, gross profit and order backlog increased when compared with the corresponding period in FY2015. After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save as disclosed in the paragraph headed "Listing Expenses" in the section headed "Financial Information" in this prospectus, since 31 May 2016 and up to the date of this prospectus, there was no material adverse change in our financial, operational or trading position or in the general regulatory, economic and market conditions in Singapore or in the industries in which we operate, and there is no event since 31 May 2016 that would materially affect the audited financial information as set out in Appendix I — "Accountants' Report" to this prospectus.

During the Track Record Period, we had one external bank credit facility of S\$135,000 that was guaranteed by Mr. Lau and Mr. Ong, our Shareholders and executive Directors, of which only S\$42,107 was utilised. The outstanding balance of the loans was subsequently repaid in full on 12 August 2016. We currently have no intention to raise any further financial instrument prior to Listing.

MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in the paragraph headed "Listing Expenses" in the section headed "Financial Information" in this prospectus, there had been no material adverse change in our financial or trading position since 31 May 2016, being the date to which the latest audited financial statements of our Group were made up, up to the date of this prospectus.

PRE-IPO INVESTMENTS AND SHAREHOLDERS INFORMATION

Immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), our Founders, Management Shareholders, Series A Investors and Series B Investor will together control an aggregate of approximately 39.55% of our total number of issued Shares and are our Controlling Shareholders. Each of our Controlling Shareholders is a person acting in concert with each other under the Deed of AIC Confirmation. Our other Shareholders are the Series C Investor, Series D Investors, as well as participants of the Placing. Please refer to the section headed "History and Development — Our Shareholders" on pages 103 to 110 of this prospectus for details. We operate independently of our Controlling Shareholders. Please refer to the section headed "Relationship with our Controlling Shareholders" beginning on page 201 of this prospectus for details.

SHARE OPTION SCHEMES

Pre-IPO Share Options

We have adopted the Pre-IPO ESOPs as further described in "Appendix IV — Statutory and General Information — F. Pre-IPO ESOPs" to this prospectus. The number of Shares which may be issued pursuant to the Pre-IPO Share Options, which were granted to two executive Directors, four members of our senior management and six other current/former employees of our Group, are 33,181,876 Shares, representing approximately 7.67% of the enlarged number of issued Shares of our Company upon full exercise of all outstanding Pre-IPO Share Options and completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Post-IPO Share Options). This will have a dilutive effect of approximately 8.31% and the earnings per Share for the financial year ended 31 May 2016 will be reduced by approximately 0.20% (unaudited).

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Assuming the Placing Price is HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus), the fair value of the Pre-IPO Share Options which is expected to be recognised as share-based compensation in the financial year ending 31 May 2017 is expected to be approximately S\$437,224.

Post-IPO Share Options

We have also conditionally adopted the Post-IPO Share Option Scheme. Please refer to “Appendix IV — Statutory and General Information — G. Post-IPO Share Option Scheme” in this prospectus for a summary of the principal terms of the Post-IPO Share Option Scheme on pages IV-36 to IV-48 of this prospectus.

SHAREHOLDERS’ PROTECTION

Our Company was incorporated in Singapore and is subject to the Singapore Companies Act and other applicable laws and regulations in Singapore. Our Directors have been advised that the protections available to our Shareholders under the applicable Singapore laws and regulations are not materially different from those offered under Hong Kong laws. A discussion of the key Shareholders’ protections offered under Singapore laws and regulations are set out in Appendix III to this prospectus on page III-53.

TAXATION

Our Company was incorporated in Singapore and potential investors are advised to consult their own tax advisers concerning the overall tax consequences of acquiring, owning, or selling our Shares. In particular, dealings in our Shares are subject to Hong Kong stamp duty and also Singapore stamp duty, provided that an instrument of transfer is executed in Singapore or is received in Singapore. CCASS Beneficial Owners are not subject to Singapore stamp duty because no instrument of transfer will be executed or received in Singapore. Upon Listing, Shareholders are not liable to Singapore stamp duty if the relevant instrument of transfer is not executed in Singapore and is lodged with our Hong Kong Share Registrar.

Please refer to the section headed “Laws and Regulations — Taxation” on page 91 of this prospectus.

PLACING STATISTICS

	Based on a Placing Price of HK\$0.71 per Placing Share	Based on a Placing Price of HK\$0.91 per Placing Share
Market capitalisation of our Shares ⁽¹⁾	HK\$283,402,532	HK\$363,234,231
Historical price/earnings multiple ⁽²⁾	16.0 times	20.5 times
Unaudited pro forma adjusted net tangible asset value per Share ⁽³⁾	HK\$0.16	HK\$0.22

Notes:

- (1) The calculation of the market capitalisation of our Shares is based on the respective Placing Price of HK\$0.71 and HK\$0.91 per Placing Share and 399,158,496 Shares in issue immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the Pre-IPO Share Options and Post-IPO Share Options).
- (2) The calculation of the historical price/earnings multiple is based on the historical adjusted net profit per Share of approximately HK\$0.03 for the financial year ended 31 May 2016, the respective Placing Price range of HK\$0.71 and HK\$0.91 per Placing Share and on the assumption that 100,000,000 Shares, comprising Shares in issue as at the date of this prospectus and Shares to be issued pursuant to the Placing had been in issue throughout the year but without taking into account any Shares which are to be issued upon exercise of the Pre-IPO Share Option and Post-IPO Share Options.

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- (3) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the section headed “Financial Information” in this prospectus, the respective Placing Price range of HK\$0.71 and HK\$0.91 per Placing Share and on the basis of 100,000,000 Shares in issue immediately following completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the Pre-IPO Share Options and Post-IPO Share Options).

DIVIDEND

During the Track Record Period, our Company did not declare any dividends to its then Shareholders.

No specific dividend payout ratio

Our Board does not have a dividend policy specifying a dividend payout ratio. The payment and the amount of any dividends, if paid, will depend on our results of operations, cash flows, financial condition, future prospects and other factors that our Board may consider relevant. Our historical dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

Further information is set out in the section headed “Financial Information — Dividend and Distributable Reserves” on page 276 of this prospectus.

REASONS FOR LISTING AND USE OF PROCEEDS

Our Directors believe that the Listing will strengthen our position as a provider of enterprise application software and energy management system. Since we have been growing rapidly with continued investments in research and development, our Group requires intensive capital continuously. However, as we grow and expand, we have received requests for proposals for larger and more complex projects which we expect would require more substantial amounts of capital and start-up costs including labour costs, research and development costs, and prepayment of procurement and subcontracting fees. Our Group has a genuine need to seek additional sources of funding.

We plan to continue to enhance and expand our product offerings through our research and development efforts. As our research and development cycle may last for approximately two years, we need additional capital to fund our research and development projects for new products over such a long period of time.

As we do not have sufficient fixed assets available for security or pledge that is generally required to obtain banking facilities necessary to finance meaningful business expansion, it is difficult for us to obtain debt financing from banks on commercially viable terms. In order to raise additional capital for continued growth and development, our Company has, throughout our operating history, undergone four rounds of equity fund raising in the form of the Pre-IPO Investments from 2006 to 2013. Our Directors consider that additional capital resources from the Listing will enable our Group to increase its profitability with less finance cost burden. In addition, our Directors believe that the Listing of our Company will enable us to gain access to the capital market for future growth with opportunities to raise funds not only at Listing but also at a later stage.

Furthermore, we aim to expand our business reach to Hong Kong, the PRC and the Middle East as we foresee a huge market potential for our products in these regions. As part of our efforts to achieve this objective, we plan to acquire a suitable company in Hong Kong or the PRC with part of the proceeds from the Placing. We believe that becoming a company listed on the Stock Exchange can further our expansion plan into the Hong Kong market and the PRC market. We also plan to expand to the Middle East market by acquiring a foreign company in the UAE or Qatar by utilising a portion of the proceeds from the Placing. Although the revenue contribution from the Middle East during the Track Record was not significant as we did not put in dedicated sales and marketing resources for the Middle East market due to our limited financial resources, our projects delivered to the customers in the Middle East through our channel partners had comparatively higher average gross profit margins as compared with

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those of our products deployed in other geographical markets. We were able to compete with international players in the Middle East as we believe that the customers in the Middle East valued the fact that our products are more competitive when comparing our product prices with those of the other international competitors. In addition, in view of the large growth potential and market demand, especially for our **Simplicity** products, in the Middle East, our Directors are of the view that acquiring a company from the UAE and Qatar will help us establish our presence in such market.

Our Directors believe that our profile as a company listed on the Stock Exchange will serve as a stepping stone in achieving our business objective of further strengthening our position as a provider of enterprise application software and energy management systems. We aim to become a market leader in Asia for our products through (i) heightening the visibility of our brand and our products; and (ii) raising confidence of potential and existing customers, suppliers and staff in our Group. We intend to leverage such visibility and confidence to (i) attract new customers; (ii) attract new talents; and (iii) strengthen our business relationships with existing customers and suppliers. A public listing status on GEM may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing.

We estimate that we will receive net proceeds of approximately HK\$60.3 million (equivalent to S\$11.1 million) from the Placing, after deducting underwriting fees and estimated expenses payable by us in connection with the Placing, assuming a Placing Price of HK\$0.81 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.71 to HK\$0.91 per Placing Share. We intend to use such net proceeds for the following purposes:

- Approximately 0.8% or HK\$0.5 million (equivalent to approximately S\$0.1 million) of the net proceeds for acquiring and setting up data centre infrastructure;
- Approximately 16.9% or HK\$10.2 million (equivalent to approximately S\$1.9 million) of the net proceeds for enhancing and expanding our product offerings;
- Approximately 22.9% or HK\$13.8 million (equivalent to approximately S\$2.5 million) of the net proceeds for strengthening our sales and marketing efforts, and reinforcing our brand and product images;
- Approximately 23.8% or HK\$14.3 million (equivalent to approximately S\$2.6 million) of the net proceeds for acquiring foreign companies;
- Approximately 29.7% or HK\$17.9 million (equivalent to approximately S\$3.3 million) of the net proceeds for setting up a manufacturing, assembly and testing plant;
- Approximately 5.9% or HK\$3.6 million (equivalent to approximately S\$0.7 million) of the net proceeds for our Group's general working capital.

For details of our future plans and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

PRINCIPAL RISK FACTORS

Our Directors believe that there are certain risks involved in our operations, many of which are beyond our control. Some of the risks which our Directors consider to be material are highlighted as follows:

- Our dependence on a single subcontractor for the manufacturing of hardware products for **Starlight** may result in supply disruptions and prevent us from delivering our products to our customers in the required quantities in a timely and profitable manner.

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- Our revenue generated from the Singapore market accounted for more than 90% of our total revenue.
- We derived a substantial portion of our revenue from a single channel partner.
- We are dependent upon our experienced technical staff and senior management team. Any shortfall of qualified staff or increase in labour costs may have a material adverse effect on our business and operations.
- Singapore government authorities and state-owned enterprises are major customers of our main products. If there are any major changes in the Singapore government budget and policy, or if our existing government customers cease to use our software and solutions, our business, financial condition and results of operation may be materially and adversely affected.
- Our international competitors may localise and new entrants to our industry may become our strong and direct competitors.

Further information on each of our risk factors is set out in the section headed "Risk Factors" in this prospectus. There are other key factors affecting our results of operations and financial conditions, detailed information of which is set out in the section headed "Financial Information — Key Factors Affecting Our Results of Operations and Financial Conditions" on pages 231 and 232 of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms have the following meanings. Certain other terms are explained in the section headed "Glossary" in this prospectus.

"affiliate(s)"	<p>in relation to a director of any member of our Group means:</p> <ul style="list-style-type: none">(i) a close associate (as defined under the GEM Listing Rules) of such director;(ii) any person whose acquisition of Shares has been financed directly or indirectly by such director or close associate; or(iii) any person who is accustomed to taking instructions from such director or close associate in relation to the acquisition, disposal, voting or other disposition of Shares registered in the person's name or otherwise held by that person
"Anacle India"	Anacle Systems (India) Private Limited, a company incorporated under the laws of India with limited liability on 26 June 2014, which is a directly wholly-owned subsidiary of our Company
"Anacle Malaysia"	Anacle Systems Sdn. Bhd., a company incorporated under the laws of Malaysia with limited liability on 10 October 2012, which is a directly wholly-owned subsidiary of our Company
"Audit Committee"	the audit committee of our Board, the terms of reference for which were adopted on 24 November 2016 in compliance with the GEM Listing Rules
"Board"	our board of Directors
"Bridging Loan Agreement"	the non-convertible loan agreement dated 24 August 2015 entered into among our Company, iGlobe, BAF Spectrum Pte. Ltd., Majuven Fund 1 Ltd., Mr. LEE Ching Yen Stephen and Mr. LIM Ho Kee, pursuant to which a bridging loan of S\$1 million was extended to our Company, particulars of which are set out in the section headed "History and Development — Our Warrants — Second Tranche of Warrants" in this prospectus

DEFINITIONS

“Bumiputera”	(a) for Peninsular Malaysia: Malay individual or aborigine as defined in Article 160(2) of the Federal Constitution; (b) for Sarawak: Individual as defined in Article 161A (a) of the Federal Constitution; (c) for Sabah: Individual as defined in Article 161A (b) of the Federal Constitution; and (d) for a group / mixtures of individual(s), company(ies) or cooperative(s): local company or institution whereby Bumiputera hold more than 50% of the voting rights in the company or institution
“Business Day”	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are generally opened for normal banking business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Beneficial Owner(s)”	beneficial owners of our Shares who hold pecuniary interests and voting rights in our Company attached to the Shares deposited into CCASS and held in the name of HKSCC Nominees
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Company”	Anacle Systems Limited 安科系統有限公司* (formerly known as Anacle Systems Pte. Ltd. from 21 February 2006 to 25 November 2016), the holding company of our Group, which is a public company limited by shares incorporated under the laws of Singapore with limited liability on 21 February 2006. References to “we”, “us” and “our” refer to our Group or, where the context requires, our Company
“Constitution”	the constitution of our Company adopted on 24 November 2016 which has taken effect on the date on which our Company was converted into a public company, a summary of which is set out in Appendix III to this prospectus
“Controlling Shareholder(s)”	has the meaning given to it under the GEM Listing Rules and, in the context of this prospectus, means our Founders, Management Shareholders, Series A Investors and Series B Investor
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“Country Guide”	the Country Guide — Singapore issued by the Stock Exchange on 20 December 2013 and updated in April 2014
“Deed of AIC Confirmation”	the confirmatory deed dated 1 May 2016 executed by our Controlling Shareholders confirming, amongst others, their past and present intention to act in concert when exercising their voting rights in our Group, particulars of which are set out in the section headed “Relationship with our Controlling Shareholders — Overview — Controlling Shareholders Acting in Concert” in this prospectus
“Deed of Indemnities”	the deed of tax indemnities dated 28 November 2016 executed by our Controlling Shareholders and our Company, particulars of which are set out in the section headed “Appendix IV — H. Other Information — 15. Tax indemnities given by our Controlling Shareholders” in this prospectus
“Deed of Non-competition”	the deed of non-competition undertakings dated 28 November 2016 executed by our Controlling Shareholders and our Company, particulars of which are set out in the section headed “Relationship with Controlling Shareholders — Deed of Non-competition” in this prospectus

DEFINITIONS

“Director(s)”	our director(s) of our Company
“EPPU Registration”	government supplier registration granted by the Singapore government
“EU”	the European Union
“Founder(s)”	Mr. Lau and Mr. Ong, the founder(s) of our Group
“Frost & Sullivan”	Frost & Sullivan International Limited, a research and analysis service provider engaged by our Company to prepare the Frost & Sullivan Report and an Independent Third Party
“Frost & Sullivan Report”	an industry report prepared by Frost & Sullivan which was commissioned by us in relation to, among other things, the IT industry, enterprise application software industry and building energy management system industry in Singapore
“FY2015” or “financial year 2015”	the financial year of our Group ended 31 May 2015
“FY2016” or “financial year 2016”	the financial year of our Group ended 31 May 2016
“GEM”	the Growth Enterprise Market of 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”	our Company and our subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our existing subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at that time
“GST”	goods and services tax in Singapore
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Share Registrar”	Boardroom Share Registrars (HK) Limited

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“IASB”	International Accounting Standards Board, which is the independent Standard-Setting body of the IFRS Foundation
“IFRS”	International Financial Reporting Standards, which are standards and interpretations adopted by the IASB. They comprise: (i) International Financial Reporting Standards; (ii) International Accounting Standards; and (iii) Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee
“iGlobe”	iGlobe Platinum Fund Limited, a public company limited by shares incorporated under the laws of Singapore with limited liability on 28 August 2008, a Series C Investor, a Series D Investor and a substantial Shareholder, particulars of which are set out in the section headed “History and Development — Our Shareholders” in this prospectus
“IMDA”	The Info-communications Media Development Authority of Singapore
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the GEM Listing Rules) of our Company, its subsidiaries or any of their respective close associates
“India”	The Republic of India
“INR” or “Indian Rupee” or “Rs.”	the lawful currency of India
“International Sanctions”	sanction-related laws and regulations issued by the U.S., the EU, Australia or the United Nations
“Issuing Mandate”	the general unconditional mandate given to our Directors on 24 November 2016 by our Shareholders relating to the issue of Shares, the details of which are set out in the section headed “Share Capital”
“Joint Bookrunners”	KGI and Crosby Securities Limited as joint bookrunners of the Placing
“Joint Lead Managers”	KGI, Crosby Securities Limited and Head & Shoulders Securities Limited as joint lead managers of the Placing

DEFINITIONS

“Joint Policy Statement”	the Joint Policy Statement Regarding the Listing of Overseas Companies jointly issued by the Stock Exchange and the SFC on 27 September 2013
“KGI”, “Sole Sponsor”, “Sole Global Coordinator”, “Joint Bookrunners” or “Joint Lead Managers”	KGI Capital Asia Limited, a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), acting as the sole sponsor, sole global coordinator, joint bookrunners and the joint lead managers
“Latest Practicable Date”	21 November 2016, being the latest practicable date before the printing of this prospectus for ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of our Shares on GEM
“Listing Date”	the date, expected to be on or around Friday 16 December 2016, on which dealings in our Shares commence on GEM
“Listing Division”	the Listing Division of the Stock Exchange
“Management Shareholder(s)”	Shareholder(s) of our Company who are current or former members of our management and staff and/or their respective spouses and obtained our Shares as part of their employment incentive. As at the date of this prospectus, our Management Shareholders comprise Ms. LIM Siang Ngin, Mr. HO Hai Aik, Ms. NG Ying Ling and Mr. CHEW Chung Hon
“Mr. Lau”	Mr. LAU E Choon Alex, our executive Director, Founder, chief executive officer and a Controlling Shareholder
“Mr. Ong”	Mr. ONG Swee Heng, our executive Director, Founder, chief operating officer and a Controlling Shareholder
“MYR” or “Malaysian Ringgit” or “M\$”	the lawful currency of Malaysia
“Nomination Committee”	the nomination committee of our Board, the terms of reference were adopted on 24 November 2016 in compliance with the GEM Listing Rules

DEFINITIONS

“OFAC”	the Office of Foreign Assets Control of the U.S. Department of the Treasury
“Offer Size Adjustment Option”	the option to be granted by our Company to the Sole Global Coordinator under the Underwriting Agreement to require our Company to issue up to an additional 15,000,000 Shares, representing 15% of the number of the Placing Shares, at the Placing Price, details of which are set out in the section headed “Structure and Conditions of the Placing” in this prospectus
“Ordinary Share(s)”	ordinary Share(s) in the share capital of our Company
“Placing”	the conditional placing of 100,000,000 Placing Shares by the Underwriters on behalf of our Company for cash at the Placing Price, as further described in the section headed “Structure and Conditions of the Placing” in this prospectus
“Placing Price”	the final price for each Placing Share (exclusive of brokerage, Stock Exchange trading fee and SFC transaction levy), to be determined in the manner described in the section headed “Structure and Conditions of the Placing” in this prospectus
“Placing Share(s)”	our Shares being offered for subscription at the Placing Price pursuant to the Placing
“Post-IPO Share Option(s)”	share option(s) granted under the Post-IPO Share Option Scheme
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by our Shareholders on 24 November 2016, a summary of the principal terms of which is set out in the section headed “Appendix IV — Statutory and General Information — G. Post-IPO Share Option Scheme” in this prospectus
“PRC”	People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-IPO ESOP(s)”	the pre-IPO employee share ownership plan(s) adopted by our Directors under which Pre-IPO Share Options were granted since March 2010. A summary of the principal terms of the Pre-IPO ESOPs is set out in “Appendix IV — Statutory and General Information — F. Pre-IPO ESOPs” in this prospectus

DEFINITIONS

“Pre-IPO Investment(s)”	the Series A Pre-IPO Investment, the Series B Pre-IPO Investment, the Series C Pre-IPO Investment and the Series D Pre-IPO Investment
“Pre-IPO Investor(s)”	the Series A Investor(s), the Series B Investor(s), the Series C Investor(s) and the Series D Investor(s)
“Pre-IPO Share Option(s)”	share option(s) granted under the Pre-IPO ESOPs
“Preference Share(s)”	Series A Preference Share(s), Series B Preference Share(s), Series C Preference Share(s) and Series D Preference Share(s)
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Lead Managers (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Placing Price
“Price Determination Date”	the date, which is expected to be on or around Friday, 9 December 2016, or such other date as may be agreed between our Company and the Underwriters, on which the Placing Price will be determined for the purpose of the Placing
“Remuneration Committee”	the remuneration committee of our Board, the terms of reference for which were adopted on 24 November 2016 in compliance with the GEM Listing Rules
“Repurchase Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the repurchase of our Shares, the details of which are set out in the section headed “Share Capital” in this prospectus
“S\$” or “Singapore dollars”	the lawful currency of Singapore
“Sanctioned Countries”	countries which are the targets of economic sanctions as administered by the U.S., the EU, the United Nations and Australia
“Sanctioned Person(s)”	certain person(s) and entity(ies) listed on OFAC’s Specially Designated Nationals List or other restricted parties lists maintained by the U.S, EU, the United Nations or Australia

DEFINITIONS

“Series A Investor(s)”	holder(s) of the Series A Preference Shares from time to time which, as at the date of this prospectus, comprises Mr. James TAY Chin Kwang, Mr. Arnold TAN Kim Hong, Mr. NG Sah Keong and Ms. SEOW Ho Yien
“Series A Investment Agreement”	the investment agreement dated 26 September 2006 entered into among our Company, our Founders and Series A Investors, pursuant to which our Series A Investors subscribed for the Series A Preference Shares, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series A Pre-IPO Investment” in this prospectus
“Series A Preference Share(s)”	300,000 Preference Shares issued by our Company to our Series A Investors in September 2006, all of which will be automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series A Pre-IPO Investment”	the subscription of the Series A Preference Shares by our Series A Investors under the Series A Investment Agreement, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series A Pre-IPO Investment” in this prospectus
“Series B Investor(s)”	holder(s) of the Series B Preference Shares from time to time which, as at the date of this prospectus, comprises BAF Spectrum Pte. Ltd.
“Series B Investment Agreement”	the investment agreement dated 15 August 2007 entered into among our Company, our Founders and Series B Investors, pursuant to which our Series B Investors subscribed for the Series B Preference Shares, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series B Pre-IPO Investment” in this prospectus
“Series B Preference Share(s)”	434,782 Preference Shares issued by our Company to our Series B Investors in two tranches in September 2007 and January 2008, all of which will be automatically and mandatorily converted into Ordinary Shares on the Listing Date

DEFINITIONS

“Series B Pre-IPO Investment”	the subscription of the Series B Preference Shares by our Series B Investors under the Series B Investment Agreement, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series B Pre-IPO Investment” in this prospectus
“Series C Investor(s)”	holder(s) of the Series C Preference Shares from time to time which, as at the date of this prospectus, comprises iGlobe
“Series C Investment Agreement”	the investment agreement dated 10 March 2010 entered into among our Company, our Founders and Series C Investors, pursuant to which our Series C Investors subscribed for the Series C Preference Shares, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series C Pre-IPO Investment” in this prospectus
“Series C Preference Share(s)”	722,823 Preference Shares issued by our Company to our Series C Investors in March 2010, all of which will be automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series C Pre-IPO Investment”	the subscription of the Series C Preference Shares by our Series C Investors under the Series C Investment Agreement, the particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series C Pre-IPO Investment” in this prospectus
“Series D Investor(s)”	holder(s) of the Series D Preference Shares from time to time which, as at the date of this prospectus, comprise iGlobe, Majuven Fund 1 Ltd., OWW Investments III Limited, Mr. LEE Ching Yen Stephen and Mr. LIM Ho Kee
“Series D Investment Agreement”	the investment agreement dated 16 December 2013 entered into among our Company, our Founders and Series D Investors, pursuant to which our Series D Investors subscribed for the Series D Preference Shares, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series D Pre-IPO Investment” in this prospectus

DEFINITIONS

“Series D Preference Share(s)”	824,117 Preference Shares issued by our Company to our Series D Investors in December 2013 and 5,734 Preference Shares issued to iGlobe in June 2016, all of which will be automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series D Pre-IPO Investment”	the subscription of the Series D Preference Shares by our Series D Investors under the Series D Investment Agreement, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series D Pre-IPO Investment” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“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)”	Ordinary Share(s) in the share capital of our Company, or where the context so requires, in respect of period before our Company converts our Preference Shares into Ordinary Shares, the Ordinary Shares and Preference Shares
“Shareholder(s)”	holder(s) of our Shares
“Shareholders’ Agreement”	the shareholders’ agreement dated 18 December 2013 entered into among our Founders, Management Shareholders and Pre-IPO Investors, particulars of which are set out in the section headed “History and Development — Our Pre-IPO Investments — Series D Pre-IPO Investment” in this prospectus
“Shareholding Restructuring”	the restructuring of our Company’s shareholding and capital structure in preparation for the Listing, details of which are set out in the section headed “History and Development — Our Shareholding Restructuring” in this prospectus
“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act, Chapter 50 of Singapore, (as amended, supplemented or otherwise modified from time to time)
“Singapore Exchange”	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Singapore Legal Advisers”	Bird & Bird ATMD LLP, our legal advisers as to Singapore laws
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Shareholders’ Agreement”	the supplemental shareholders’ agreement dated 21 July 2016 entered into among our Founders, Management Shareholders and Pre-IPO Investors, subjecting the Shareholders’ Agreement to an automatic and mandatory termination on the day on which our Preference Shares are converted into Ordinary Shares. Particulars of the Supplemental Shareholders’ Agreement are set out in the section headed “History and Development — Our Pre-IPO Investments — Series D Pre-IPO Investment” in this prospectus
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (as amended, supplemented or otherwise modified from time to time)
“Tax Advisers”	BDO Tax Advisory Pte Ltd, our advisers as to tax matters in Singapore and Malaysia
“Track Record Period”	the two financial years of our Group ended 31 May 2015 and 2016
“UAE”	the United Arab Emirates
“UN”	the United Nations
“Underwriter(s)”	the underwriter(s) of the Placing whose name are set out in the section headed “Underwriting — Underwriters” in this prospectus
“Underwriting Agreement”	the conditional underwriting agreement dated 29 November 2016 and entered into between, among others, our Company and the Underwriters in relation to the underwriting of the Placing Shares, further details of which are set out in the paragraph headed “Underwriting Arrangement and Expenses” under the section headed “Underwriting” in this prospectus
“United States” or “US”	the United States of America
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

* For identification purpose only

DEFINITIONS

The terms "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "controlling shareholder(s)", "core connected person(s)", "significant shareholder(s)", "subsidiary(ies)" and "substantial shareholder(s)" have the meanings given to such terms under the GEM Listing Rules, unless the context otherwise requires.

This prospectus contains explanations and definitions of certain terms used in connection with our Group's business. The terms and their meanings used in this prospectus may not correspond to standard industry meaning or usage of these terms. As there is no official industry classification, the classification of our products is determined based on our Directors' knowledge and experience.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be the arithmetic aggregation of the figures preceding them.

In this prospectus, unless otherwise stated, certain amounts denominated in Singapore dollars have been translated into Hong Kong dollars at an exchange rate of S\$1 = HK\$5.4458 for illustration purpose only. Such conversions shall not be construed as representations that amounts in Singapore dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"Big data"	extremely large data sets which may be analysed computationally to reveal patterns and trends
"EM6300 meter"	a three-phase smart meter with direct connection terminals for measuring currents less than or equal to 100 Amperes
"EM6400 meter"	a three-phase smart meter that connects to external current transformers for measuring currents more than 100 Amperes
"energy management system" or "EMS"	a network-based system that enables an individual entity to monitor, measure and control the performance of energy consumption
"Energy Retailers"	retailers which are licensed to sell electricity
"enterprise application software"	a suite of integrated software applications used by an organisation for the purpose of collecting, storing, managing and interpreting data from its management and business activities
"Internet of Things"	a network of physical devices, vehicles, buildings and other items — embedded with electronics, software, sensors and network connectivity that enable these objects to collect and exchange data
"ISO"	an acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 9001"	ISO 9001 is an internationally recognised standard for a quality management system. It aims at the effectiveness of the quality management system in meeting customer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing. ISO 9001: 2008 is the current version of ISO 9001
"IT"	information technology
"MDMS"	meter data management system

GLOSSARY

"MHz"	megahertz
"mobile app"	the computer programming language used for writing software programmes, which is ultimately translated into a machine code and read by a computer to execute the actions in which the software is designed to perform
"myBill.sg"	a web-based and multi-device enabled portal aimed at providing Energy Retailers with comprehensive solutions including accounts management, utilities contracts management and invoice generation
"New Construction Market"	the market in which Building Energy Management System is installed in the newly constructed building, and it is usually designed as part of the building's technology systems before construction
"On-premise delivery"	a type of software delivery model that is installed and operated from a customer's in-house server and computing infrastructure. It utilises an organisation's native computing resources and requires only a licensed or purchased copy of software from an independent software vendor
"REIT"	real estate investment trust
"R&D"	research and development
"retrofit"	the addition of new technology to older systems to improve its efficiency
"SaaS"	known as "Software as a Service", a model for the distribution of software where customers access software over the Internet. In SaaS, a service provider hosts the application at its data center and a customer accesses it via a standard Web browser
"Simplicity"	enterprise application software which offers specific solutions for real estate asset management, shared resources management, tenancy management, supply chain management, customer relationship management and financial management
"software"	any set of machine-readable instructions that directs a computer's processor to perform specific operations

GLOSSARY

“source code(s)”	the computer programming language used for writing software programmes, which is ultimately translated into a machine code and read by a computer to execute the actions in which the software is designed to perform
“SpaceMonster”	an online portal specifically designed to bring together and match people who need short-term venues and organisations that own or manage such venues
“Starlight”	a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles, which helps the end-users to better manage their energy usage and save costs
“Tesseract”	an advanced Internet of Things, smart metering and controlling platform for Starlight which handles big data in the software
“Wireless Mesh Communicator”	modem that can serve multiple roles (such as end device, router and coordinator)

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements that are based on various assumptions regarding our Group's present and future business strategy and the environment in which our Group will operate in the future and are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures and initiatives to implement them;
- our future business development and various business opportunities that we may pursue;
- fluctuations in general economic and business conditions globally, particularly in Singapore, Malaysia, India and Hong Kong;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in the political, economic, legal and social conditions globally, particularly in Singapore, Malaysia, India and Hong Kong;
- costs of bank loans and other forms of financing, and our ability to secure adequate financing for our business operations;
- our financial conditions;
- our ability to enter into new geographic markets and expand our operations;
- our ability to obtain permits and licences to carry on our business;
- changes in currency exchange rates;
- the other factors referenced in this prospectus, including without limitation, under the sections headed "Risk Factors", "Business" and "Financial Information"; and
- other factors beyond our control.

The words "aim", "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would", "with a view to" and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Purchasers of our Placing Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed "Risk Factors" in this prospectus, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or

FORWARD-LOOKING STATEMENTS

objectives will be achieved. If any or all of these risks or uncertainties materialise, or the underlying assumptions prove to be incorrect, our financial conditions may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed, estimated or expected.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Potential investors should carefully consider all information set out in this prospectus and, in particular, should consider all the risks and uncertainties described below before making any investment decision in relation to our Company. Additional risks and uncertainties not presently known to our Group or that our Group currently deems immaterial could also harm the business, financial condition and operating results of our Group. The trading prices of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

Our Directors consider that there are certain risks and uncertainties involved in our Group's operations, some of which are beyond its control, that may materially and adversely affect our Group's business, financial conditions and results of operations. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to the Placing and our Shares, and (iv) risks relating to the statements made in this prospectus. These risks are summarised as follows:

RISKS RELATING TO OUR BUSINESS

Our dependence on a single subcontractor for the manufacturing of hardware products for *Starlight* may result in supply disruptions and prevent us from delivering our products to our customers in the required quantities in a timely and profitable manner.

There is a limited number of qualified contract manufacturers in Southeast Asia. As at the Latest Practicable Date, we had retained a qualified contract manufacturer in Malaysia and had subcontracted the production of our **Starlight** hardware to this contract manufacturer. During the Track Record Period, our Group incurred sub-contract manufacturing costs of S\$78,948 and S\$57,597 for the financial years ended 31 May 2015 and 2016, respectively. We do not have long-term supply contracts with our subcontractor. It is possible that fulfilling our orders may not be a priority if our subcontractor has constraints in its abilities or if it lacks the resources to fulfill all its orders in a timely and profitable manner. We therefore may not be able to manage our capacity during periods of high demand, meet delivery schedules, or ensure the quality and cost of our products. Furthermore, the ability and willingness of our subcontractor to perform its obligations are beyond our control. Any significant change in our relationship with our subcontractor may have a material adverse effect on our business, financial conditions and results of operations. The cost position of our products may be materially and adversely affected.

In addition, if our subcontractor experiences any interruption, delay, disruption or quality control problems in its business operations, we may have to change or replace our existing contract manufacturer or appoint additional subcontractors. We cannot guarantee that we will be able to change or replace our existing subcontractor in a timely manner or at all. We cannot guarantee a smooth transition from our existing subcontractor to the new subcontractor with competitive pricing. Such transition may disrupt our ability to obtain our products in a timely manner and may delay the delivery of our products to our customers. If this happens, our business, financial conditions and results of operations may be materially and adversely affected.

RISK FACTORS

Our revenue generated from the Singapore market accounted for more than 90% of our total revenue.

For the financial years ended 31 May 2015 and 2016, revenue derived from our sales in Singapore accounted for approximately 94.5% and 97.3% of our total revenue, respectively. The energy management business of our Company has been supported by the Singapore government policy of energy saving, creating a green city and liberalising the energy retail market as well as the growing awareness of companies in Singapore to reduce energy usage and carbon emissions as part of their social responsibilities. Our business and financial conditions would be adversely affected by any changes in the Singapore government policy or the corporate culture of Singapore, as well as circumstances causing any reduction in the demand for software and IT services in Singapore, including financial turbulence, natural disasters, political insecurity, economic slow-down at a national or global scale, epidemics, and increases in costs such as the salaries of IT staff.

We derived a substantial portion of our revenue from a single channel partner.

We had derived a substantial portion of our revenue from a major channel partner, which accounted for 25.5% and 47.6% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. The concentration of our sales on a major channel partner exposes us to various risks that could have a material adverse impact on our revenue and profitability, including the fluctuations in the demand for our products or our loss of major customers, which may materially and adversely affect our business, financial conditions and results of operations.

We are dependent upon our experienced technical staff and senior management team. Any shortfall of qualified staff or increase in labour costs may have a material adverse effect on our business and operations.

We rely on the management skills and technical know-how of our executive Directors, senior management and technical staff. Competition for competent employees is intense in our industry. Mr. Lau, our chief executive officer and our executive Director, has more than 16 years of experience in the software industry and has been responsible for the overall management, corporate development and strategic planning of our Group. Mr. Ong, our chief operating officer and our executive Director, has more than 16 years of experience in project management and technical design, and has been responsible for the corporate development and strategic planning of our Group. Mr. Ho Hai Aik, our head of business consulting, has more than 15 years of experience in IT and business consulting, and is primarily responsible for the consulting services of **Simplicity**. Mr. Lau and Mr. Ong are our Founders and all of our key management members have contributed to the growth of our Company and development since its inception. If any of our executive Directors or senior management members leaves our Group and we fail to hire a suitable replacement, or if we fail to attract or retain suitable employees, our business, financial conditions and results of operations may be materially and adversely affected.

In addition, our success depends considerably on our experienced technical staff, including our employees responsible for research and development. Our Directors believe that our research and development team members have accumulated extensive technical expertise, experience and market know-how for our products. Our Directors are also of the view that experienced technical staff are in high demand in our industry. Therefore, our ability to attract and retain qualified staff members with expertise and experience in the software development domain is vital to our success.

RISK FACTORS

We do not maintain any key employee insurance. During the Track Record Period, our Group had offered competitive remuneration packages to our staff. As a result, our Group's staff costs accounted for approximately 80.4% and 33.4% of our total revenue for the two financial years ended 31 May 2015 and 2016, respectively. If our competitors offer more competitive remuneration packages, we may not be able to retain our valuable staff to sustain our business growth, or we may have to increase our staff expenses to provide more competitive remuneration packages to retain our staff. If there is any significant increase in our staff turnover rate, we may not be able to recruit replacement employees in time, or at all. All of these circumstances may have a material adverse effect on our business, financial conditions and results of operations.

Singapore government authorities and state-owned enterprises are major customers of our main products. If there are any major changes in the Singapore government budget and policy, or if our existing government customers cease to use our software and solutions, our business, financial conditions and results of operations may be materially and adversely affected.

Singapore government authorities and state-owned enterprises are the major customers of our main products. Our sales to government authorities accounted for approximately 23.5% and 18.1% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. In particular, during the Track Record Period, our major customers of **Simplicity** were Singapore government authorities.

No assurance can be given that these government authorities and state-owned enterprises will continue to use our software and solutions. Changes in government budget and policy considerations could result in delays, changes or cancellations of the publicly funded projects of the government authorities. If our software solutions do not continue to be well-received by Singapore government authorities and state-owned enterprises, or any of our existing government authority and state-owned enterprise customers cease to use our software solutions, our business, financial conditions and results of operations may be materially and adversely affected.

Inability to renew our existing registration and accreditation could materially and adversely affect our operations and financial performance.

We have obtained EPPU Registration with a financial grade of S9, which entitles us to bid for projects of up to approximately S\$30 million per contract from the Singapore government. This status is valid from 13 November 2014 to 16 February 2018. Furthermore, we have obtained IMDA Accreditation for **Starlight** from IMDA. Accredited companies are to be considered first by Singapore government authorities in their procurement. The status is valid for 18 months from 1 February 2016 and is subject to renewal.

Our sales to government authorities accounted for approximately 23.5% and 18.1% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. If we fail to comply with the applicable requirements or any required conditions to maintain the registration and accreditation, then our registration and accreditation may be suspended or cancelled. Delay or refusal may occur when we renew the registration and accreditation upon expiry. As such, an inability to renew or maintain our current EPPU Registration status or IMDA Accreditation for **Starlight** may reduce the number of project opportunities or cause suspension of current projects with our customers which are state-owned enterprises and government authorities in Singapore and our business, financial conditions and results of operations may be materially and adversely affected.

RISK FACTORS

Our international competitors may localise and new entrants to our industry may become our strong and direct competitors.

The enterprise software market in Asia is generally dominated by large international corporate vendors over the last decades. According to the Frost & Sullivan Report, these international competitors of our Company lacked localisation and were generally less influential than Asian corporate vendors like our Company as at the Latest Practicable Date. However, these international corporate vendors may decide to expand their businesses in the Asian market and adopt localisation strategies, and new corporate vendors may realise the potential of the Asian market and join the competition. These market players may become our strong and direct competitors. Our position may therefore be adversely affected, which may materially and adversely affect our business, financial conditions and results of operations.

Our failure to acquire hardware components of *Starlight* or to fulfill our customers' orders in a timely and cost-effective manner could materially and adversely affect our business operations.

We rely on third-party suppliers to provide hardware components for *Starlight* hardware. As at the Latest Practicable Date, we had not entered into any long-term procurement agreement with any of our hardware components suppliers. If any of our major hardware components suppliers is unable to deliver raw materials according to such schedule or in such volume as required for our production, and we fail to purchase from other suppliers in a timely and cost-effective manner, our manufacturing and delivery of products could be delayed. In addition, we may have to purchase hardware components and other supplies in the market at higher prices to meet our production deadlines if the delivery schedule of the hardware components that we have ordered is delayed. Our relationships with our customers could be adversely affected as a result of any of such delays or increases of our selling price due to an increase in purchase prices of hardware components and other supplies, which may materially and adversely affect our business, financial conditions and results of operations.

We may fail to achieve or manage future growth and expansion.

We have experienced significant business growth and expansion in the past few years. We plan to further strengthen our sales and marketing operations and our human resources management capabilities, and to upgrade our existing production facilities. However, there are significant risks and uncertainties involved in such expansion plans, including, the lack of financial resources, inability to implement and execute the expansion plans timely and cost-effectively, cost overruns and failure to achieve the anticipated benefits. We may also make other acquisitions or equity investments in the future if suitable opportunities arise. Acquisitions or significant equity investments involve various risks and uncertainties, including:

- potential ongoing financial obligations and unforeseen or hidden liabilities;
- failure to achieve the intended objective or benefits;
- costs and difficulties of managing the expanded operations; and
- diversion of resources and management attention.

If we fail to address the foregoing risks and uncertainties associated with our future acquisitions, equity investments and other expansion plans, our business, financial conditions and results of operations may be materially and adversely affected.

RISK FACTORS

Our backlog may not be indicative of our future results of operations.

Backlog represents our estimate of the contract value of the projects that we are engaged for and remains to be completed as at a certain date from signed and legally-binding contracts, net of estimated GST. New contract value represents the aggregate value of the contracts that we entered into during a specified period. The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. To the extent the work under these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by IFRS and our methodology in determining backlog may not be comparable to the methodology used by other companies.

Backlog might not be indicative of our future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate income from uncompleted contracts. The termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of our backlog and the revenue and profits we may earn from such contracts could have a material adverse effect on our profitability and financial condition. As a result, our backlog information presented in this prospectus should not be relied on as an indicator of our future earnings.

We are subject to research and development risks.

We consider our research and development capabilities as keys to our success. For the two financial years ended 31 May 2015 and 31 May 2016, our research and development investment amounted to approximately S\$2.1 million and S\$1.6 million, representing approximately 27.5% and 14.3% of our total revenue, respectively. For further details of our ongoing research and development projects, please refer to the section headed "Business — Research and Development" in this prospectus.

There is no guarantee that any of our research and development activities would yield meaningful results or breed any revenue-generating products. Technical, operational, distributional issues or other problems may delay or hinder our introduction of new products or services to the market. Even if we have developed and launched new products, there is no guarantee that they will be accepted or well-received by the market. The growth of our turnovers and profits in the future will heavily depend on the market performance of such new products. If we fail to develop any new products or if our new products do not receive the expected market acceptance, our business prospects and profitability may be materially and adversely affected.

We are exposed to risks associated with our computer hardware, network security and data storage.

We are highly dependent on our IT infrastructure to store market data and our customers' information, deliver products and services to our customers and manage our business operations. However, there is no assurance that we have sufficient ability to protect our computer hardware and data storage from all possible damages including acts of nature, telecommunications breakdown, electricity failure or similar unexpected events which are beyond our Group's control. We do not backup all data on a real-time basis and the effectiveness of our business operations may be materially affected by any failure in our IT infrastructure. If our communications and IT systems do not function properly, or if there is any partial or complete failure of our systems, we could suffer financial losses, business disruption or damage to its reputation.

RISK FACTORS

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Similar to all other computer network users, our computer network system is vulnerable to attack of computer virus, worms, trojan horses, hackers or other similar computer network disruptive problems. Any failure in safeguarding our computer network system from these disruptive problems may cause breakdown of our computer network system and leakage of confidential information of our Group and our customers. Any failure in the protection of our computer network system from external threat may disrupt our operation and may damage our reputation for any breach of confidentiality to our customers, which in turn may adversely affect our business operation and performance. In the event that our customers' confidential information is stolen and misused, we may become exposed to potential risks of losses from litigation and possible liability.

Fluctuations in foreign exchange rates may materially and adversely affect our business, financial condition, operating results and our ability to remit payments.

A substantial portion of our revenue is denominated in Singapore dollars. Our revenue derived from our sales in Singapore accounted for approximately 94.5% and 97.3% of our total revenue for the financial years ended 31 May 2015 and 2016, respectively. Whether we will incur an exchange gain or loss from other comprehensive income associated with exchange difference arising on translation of foreign operations in the future will depend on the movement in the exchange rates of the Singapore dollar against the Malaysian Ringgit, Indian Rupees and Hong Kong dollar. Fluctuations in the exchange rate of the Singapore dollar and/or Malaysian Ringgit, Indian Rupees and Hong Kong dollar will have a direct impact on our finance cost, depreciation expense, other comprehensive income or profitability and may lead to an increase in our Group's operating costs in respect of our business in Singapore. Any exchange losses could have a material and adverse effect on our business, financial conditions and results of operations.

As at the Latest Practicable Date, our Group had not entered into any agreements to hedge its exchange rate exposure. Even if our Group enters into any hedge agreement in the future, we cannot guarantee that our Group will be able to hedge its exposure successfully, or at all.

Our financial performance during the Track Record Period is not indicative of our future financial performance and our operating results may fluctuate significantly.

We had experienced growth in net profit for the financial year ended 31 May 2016 as compared with a loss for the financial year ended 31 May 2015. While our net profit had increased for the financial year ended 31 May 2016, the improved financial results are not indicative of our future financial performance. Our growth depends on a number of factors, including market trends, the demands for our products, our business relationships with our customers, the implementation of our business strategies, the competitive landscape of our industry, and the general economic conditions in Singapore, Malaysia and elsewhere in the world. Historical figures or past results should not be relied on as indicators of our performance. We cannot assure you that our growth will continue in the future, or at all.

In addition, we plan to increase our sales and marketing activities after Listing by participating more in trade shows, sponsorships and advertising to increase the public's brand awareness of our products. We also expect that the costs in post-listing compliance matters will increase as a result of the Listing. Accordingly, our profitability for the financial year ending

RISK FACTORS

31 May 2017 and beyond may be materially and adversely affected by the changes in our future business and development plans post Listing.

A deterioration in our brand image may materially and adversely affect our business, financial condition and operating results.

We rely, to a significant extent, on our brand name and image to attract potential customers. Any negative incident or negative publicity concerning us or our products may materially and adversely affect our reputation and business prospects. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumer trust. The demands for our products and our brand value may diminish significantly if we fail to preserve the quality of our products, or fail to deliver a consistently positive consumer experience in each of our products, or if our business decisions and operations are perceived to be unethical or socially irresponsible. Any negative publicity and resulting decrease in our brand value, and/or failure to establish our brand may have a material adverse effect on our business, financial conditions and results of operations.

Ongoing evolution of our business model may result in changing product mix, fluctuations in profit margins and working capital requirements, and increase competition exposure to regulatory risk.

As at the date of this prospectus, we had three main products, namely **Simplicity**, **Starlight** and **SpaceMonster**. Due to the variation in cost structures across our product mix, these product segments had reported different segment results margins during the Track Record Period. Please see the section headed “Financial information — Description of selected items of consolidated statements of comprehensive income — Breakdown of revenue by product and by region” for further details. During the Track Record Period, **Simplicity** had higher gross margins than **Starlight** and **SpaceMonster**. Our overall segment gross margins fluctuated between 11.0% and 74.5%. The fluctuations were principally attributable to a change in our product mix and hence the revenues derived from each segment. Changes in our product mix and the segment results margins may continue to lead to fluctuations in our overall profit margins and working capital requirements in the future. This may also affect our business risk profile.

We may not successfully expand our sales network.

In order to widen our revenue stream, diversify our business risks and position ourselves for strategic growth beyond Singapore and Malaysia, we intend to further expand our sales network.

In this connection, we face certain risks in our efforts to expand and maintain our business in international markets, including:

- exposure to local economic and political conditions;
- cultural differences and other difficulties in staffing and managing international operations;
- failure to acquire a company in Hong Kong or the PRC or a company in Qatar or the UAE;

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- unexpected changes in laws and regulations (or the interpretations thereof), government policies, trade or monetary or fiscal policies, including interest rates, foreign currency exchange rates, changes in the rate of inflation, foreign investment, company organisation and management, business, tax and trade;
- social plans that prohibit or increase the cost of certain restructuring actions;
- tariffs, quotas, customs and other import or export restrictions and other trade barriers;
- difficulties in enforcing agreements, collecting receivables and protecting assets;
- reduced intellectual property protections;
- the risk of barriers, such as certification requirements on our products, anti-trust and other tariffs or other restrictions being imposed on foreign trade;
- limitations on repatriation of earning;
- withholding or other taxes on remittances and other payments by subsidiaries, or industry specific taxes and fees;
- investment restrictions or requirements;
- violence and civil unrest;
- changing labour conditions and difficulties in staffing our international operations;
- differences in consumer preferences;
- legal and regulatory differences and the burdens and costs of our compliance with a variety of foreign laws;
- increases in taxes which we are obliged to pay and other differences in applicable tax laws; and
- political events, domestic or international acts of terrorism and hostilities or complications due to natural or nuclear disasters.

If we are unable to manage these risks effectively, our ability to expand our international business would be impaired, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects. If we fail to successfully expand our sales network into overseas markets, our operation costs may increase, our expected revenue may not be generated, and our profitability and financial performance may be adversely affected.

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Any failure to protect our intellectual property rights could reduce the value of our products, services, and brand and we could be exposed to intellectual property disputes.

Our copyrights, trademarks, patents, trade secrets and other intellectual property rights are important assets to us. We rely on a combination of contractual restrictions, administrative procedures and security hardware to protect, and restrict unauthorised access to, our proprietary rights in products and services. The efforts that we take to protect our intellectual property rights may not always be sufficient or effective. Protecting our intellectual property rights can become costly and time consuming and may not always be successful. Any significant impairment of our intellectual property rights could harm our business, brand name and competitiveness.

On the other hand, we may be subject to legal claims and proceedings relating to the intellectual property of others in the ordinary course of our business. We may become subject to legal proceedings and claims alleging infringement of copyrights, trademarks or patents, or other infringement of proprietary intellectual property rights. If any of our employees infringes any third party's intellectual property rights or violates his obligations of confidentiality to any third party during his work for us, the relevant employee may be held liable and we may also be held liable for the conduct of such employee. Any of such claims, regardless of merits, may involve us in time consuming and costly litigation or investigation, divert significant management and staff resources, require us to enter into royalty or licensing arrangements or develop alternatives, prevent us from using important technologies, business methods, content or other intellectual property, result in monetary liability, or other legal means, or otherwise disrupt our sales of products or operations.

We may face piracy of our intellectual property rights.

Our customers may conduct simple deployment or secondary development of the software products that they purchase from us. We are subject to the risks of software piracy. It may be possible for a third party to copy or otherwise obtain and use our products or technology without authorisation, or develop technology similar to ours. Preventing unauthorised use of our proprietary technology may be difficult and we cannot assure you that the measures taken by us will prevent any misappropriation or infringement of our intellectual property.

Leakage or misappropriation of confidential information handled by us or our subcontractor could have an adverse effect on our reputation and business operations.

During the course of providing our products and/or services, we may have access to and be entrusted with information that is confidential in nature, including information which relates to our customers' systems, operations, raw data or affairs. We cannot guarantee that our measures to protect the confidentiality of our customers' information will successfully prevent any leakage or misappropriation of confidential information of our customers. Any leakage or misappropriation of confidential information of our customers could expose us to complaints and claims from our customers, which may have a material and adverse effect on our reputation and business operations.

RISK FACTORS

We are exposed to product liability risks.

Our software and energy management solutions are designed to be used with our customers' systems and hardware. Many of our software solutions are critical to our customers' business operations. Any bugs, defects or errors in our software solutions may cause damage to our customers' system and hardware, and adversely affect our customers' operations or the performance of such software or solutions. We cannot guarantee that we have discovered and corrected all bugs, defects or errors in our software solutions in our testing process. As a result, we may incur additional costs in rectifying the defects or defending any potential claims from our customers. It may also affect our relationship with such customers and our reputation. At present, we do not maintain any product liability insurance. There can be no assurance that there will not be any legal claims or litigation proceedings against us in connection with our software solutions in the future. If any of our customers makes a claim against us on any material losses, damage or liabilities in relation to our products for which we are held liable, our reputation, business, financial conditions and results of operations may be materially and adversely affected.

We are exposed to programme source code storage risk.

Our source codes and master copies of software are currently stored at our premises and offsite locations. We have implemented various measures, such as restrictive access system, air-conditioning system, uninterruptible power supply and fire extinguishing facilities, to safeguard these hardware and software. We also back up the source codes of our software from time to time. Nonetheless, there is no assurance that such measures are adequate for the protection of our computer hardware, source codes and master copies of software. They are still vulnerable to damage and loss due to acts of nature, power failures, telecommunication failures and other unexpected events. There can be no assurance that we can respond to such contingencies in a timely manner. Any damage or interruptions in our operations could have a material and adverse effect on our business, financial conditions and results of operations.

We may not be able to keep up with rapid technological changes and may be driven out of competition.

The IT industry is characterised by rapidly changing technology, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our services obsolete and uncompetitive. Accordingly, our future success will depend on our abilities to adapt to the rapidly changing technologies, modify our services based on varying industry standards and continuously improve the know-how of our staff. Failing to adapt to such changes would have a material adverse effect on our business, financial conditions and results of operations.

Our business is subject to seasonal fluctuations.

We have historically experienced and we expect to continue to experience seasonal fluctuations in our business. Our Group generally records lower sales for the six months from June to November each year, and higher sales from December to May in the following year. The majority of our customers are based in Singapore and from the public sector. They generally have a financial year starting from April and ending in March. As a result, between October and March, our customers, especially those in the public sector, will be more inclined to purchase our products so as to use up their annual budget; whereas between April and November, our customers tend to be more conservative in their spending as their financial year has just commenced.

RISK FACTORS

As our revenue fluctuates seasonally, comparisons of sales and operating results between different periods in a single financial year for our business segments, or between the same periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of our future performance. The seasonal fluctuation in our revenue requires us to control our operating capital carefully so as to provide our business with adequate cash for operations. Failure to manage seasonality in our business may cause our revenue and financial condition to be materially and adversely affected.

Our insurance coverage may not adequately protect us against certain risks.

We have purchased occupational health and safety insurance and third party public liability insurance to cover claims in connection with personal injuries or damage to property due to accidents, theft at our premises or from conduct in connection with our business operations. However, we may become subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant property damage or personal injury occur in our facilities or to our employees due to accidents, natural disasters, or similar events which are not covered or inadequately covered by our insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss. In addition, we have not maintained insurance policies against losses arising from our environmental liabilities, business interruption, industrial accidents, work stoppages, civil unrest or other activities. Pursuant to Singapore laws and regulations, purchasing such insurance is not compulsory. If we purchase such additional insurance, we would incur additional costs for our business operations.

We cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. If we face any operating risks resulting from any of the above events in relation to the failure to purchase insurance, we may bear a substantial cost and experience a loss. In addition, our insurers will review our policies each year and we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. Any losses that we may incur which we are not insured against may adversely affect our business, financial conditions and results of operations.

We may be involved in protests, legal disputes and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.

We may be involved in disputes with various parties involved in the development and the sale of our products. These disputes may lead to protests, legal disputes or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention.

We may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that may result in liabilities. We may also be involved in disputes or legal proceedings in relation to our products. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and operating results. During the Track Record Period, we had not been involved in any legal or other disputes in the ordinary course of our business, including claims relating to our products.

RISK FACTORS

We could be adversely affected if our operations resulted in sales or deliveries to customers in countries that are subject to evolving economic sanctions of the United States, the United Nations, the European Union, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the EU, the UN and Australia, have comprehensive or broad economic sanctions that target Sanctioned Countries. In addition, there are sanctions that target specific Sanctioned Persons independently of their location. During the Track Record Period, we sold Starlight energy management products to a channel partner in Singapore who then supplied these products to a shopping mall in Myanmar (Burma), where certain Sanctioned Persons are located, and our revenue derived from such sales amounted to approximately S\$9,142 and S\$1,500, which accounted for approximately 0.12% and 0.01% of our total revenue for the financial years ended 31 May 2015 and 2016, respectively. We may continue to carry out such business activities from time to time in connection with the channel partner in Singapore. If we were to sell or deliver our products to jurisdictions, persons or entities that were subject to sanctions, it could subject us to liabilities under International Sanctions laws and regulations. Our business and reputation could be adversely affected if the authorities of the United States, the EU, the UN, Australia or any other jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group.

We undertake to the Stock Exchange that we will not use the proceeds from the Placing, as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Sanctioned Countries, or Sanctioned Persons or any other government, individual or entity sanctioned by the United States, the EU, the UN, Australia or Hong Kong, including, without limitation, any government, individual or entity that is the subject of any OFAC sanctions. We also undertake to the Stock Exchange that we will not enter into sanctionable transactions that would expose us or the relevant persons to risks of being sanctioned. If we breach any of these undertakings to the Stock Exchange after the Listing, it is possible that the Stock Exchange may delist our Shares. In order to ensure our compliance with these undertakings to the Stock Exchange, we will continuously monitor and evaluate our business and take measures to protect the interests of our Group and our Shareholders. For details of our internal control procedures, please refer to “Business — Sales Through a Channel Partner to Myanmar”.

In addition, certain institutional investors, universities or government entities have restrictions on the investment of public funds or endowment funds, respectively, in companies that are members of corporate groups with activities in certain Sanctioned Countries and with Sanctioned Persons. As a result, concern about potential legal or reputational risk associated with our historical sales in Myanmar could also reduce the marketability of the Placing Shares to particular investors, which could affect the price of our Placing Shares and Shareholders’ interests in us, despite our commitment not to direct the proceeds from the Placing to dealings with sanctioned parties. Before investing in our Shares, you should consider if such investment would expose you to any of the U.S., the European Union, the United Nations and Australian or other sanctions law risks arising from your nationality or residency. Any of these events could have an adverse effect on the value of your investment in us.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

We are exposed to evolving industry standards and government policies in countries where we operate.

The market in which we operate is characterised by evolving industry standards and government policies, frequent development and enhancement of products and services and changing market demands. For example, our sales of one of the six core software application suites of **Simplicity**, namely **Simplicity** financial management, are affected by the on-going changes in the local and international financial reporting standards. Our sales of **Starlight** are affected by the Singapore government's initiatives to liberalise the energy supply market and to regulate energy consumption. Accordingly, our continual success will depend on our abilities to adapt rapidly to the changing industry standards and government policies and to continuously improve the performance, features and reliability of our products in response to competitive offerings and evolving market demands. If we fail to keep up with the latest industry developments and policy changes, our products may become obsolete and we may be unable to meet our customers' demands, which may in turn decrease our market competitiveness. Our results of operations may be adversely affected.

We operate in competitive industries.

Singapore's markets for software, IT solutions and energy management systems are still at a developing stage, and our Directors believe that they will continue to grow in the coming years. The prospect and potential of this market will attract entry by companies with substantial capital and resources. Mergers and acquisitions of enterprises and consolidation of the industries may become a trend in the market. The environment in which we operate will become more competitive as a result. Our competitors may offer similar products and services at a price lower than those of us. There is no guarantee that the projects undertaken by us in the future will allow us to maintain our present profit margins, and a highly competitive environment may adversely affect our profitability.

We are required to comply with various labour, safety and health laws and regulations that may increase the compliance costs.

Our business is subject to various labour, safety and health laws and regulations promulgated by the Singapore government authorities. Given the complexity and continuous amendments to these laws and regulations, compliance therewith may involve substantial financial and other resources to establish efficient compliance and monitoring systems which may adversely affect our operating results. There is no assurance that any new or changes to the government legislation, regulations and policies will not have an adverse effect on our financial performance and financial position. Please see the section headed "Laws and Regulations" in this prospectus for further details.

RISKS RELATING TO THE PLACING AND OUR SHARES

There has been no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected and may decline below the Placing Price.

Prior to the Placing, there was no public market for our Shares. The Placing Price is the result of negotiations between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the Placing Price may differ significantly from the market price for the Shares following the Placing.

RISK FACTORS

In addition, we cannot assure you that an active and liquid public trading market will be developed or maintained following the completion of the Placing, or that the market price of our Shares will not decline below the Placing Price.

The liquidity, trading price and the trading volume of our Shares may be volatile.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings, cash flows, new products/services/investments, changes in senior management and general economic conditions could cause the market price of our Shares to change substantially. Any such development may result in large and sudden changes in the volume and price at which our Shares will trade.

Issuances of Shares in relation to the Pre-IPO Share Options will result in the dilution of your shareholdings in our Company, and the issuances of Shares under the outstanding Pre-IPO Share Options may negatively impact the financial results of our operations on a per-share basis.

We have granted Pre-IPO Share Options to subscribe for an aggregate of 33,181,876 Shares, representing approximately 7.67% of the enlarged number of issued Shares upon full exercise of all outstanding Pre-IPO Share Options and completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Post-IPO Share Options). For more information of the details of the Pre-IPO Share Options, please see the section headed “Statutory and General Information — F. Pre-IPO ESOPs” in this prospectus.

Issuances of Shares in relation to the exercise of the Pre-IPO Share Options will result in an increase in the total number of outstanding Shares and therefore dilute your shareholding in our Company. It is estimated that the exercise of all the outstanding Pre-IPO Share Options would have a dilutive effect of approximately 8.31% and the earnings per Share for the financial year ended 31 May 2016 will be reduced by approximately 0.20% (unaudited). Furthermore, the issuances of Shares pursuant to the exercise of the Pre-IPO Share Options may negatively impact the financial results of our operations on a per-share basis. Assuming the Placing Price is at HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus), the fair value of the Pre-IPO Share Options which is expected to be recognised as share-based compensation in the financial year ending 31 May 2017 is expected to be approximately S\$437,224.

Any actual or perceived sale of Shares in the future by our existing Shareholders may have a material adverse effect on our Share price.

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing may materially and adversely affect the market price of our Shares prevailing from time to time. Only a limited number of our Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. Please refer to the section headed “Underwriting — Underwriting Arrangements and Expenses” in this prospectus for a description of some of the contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or the perception that these sales may occur, may materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

RISK FACTORS

Singapore taxes may differ from tax laws of other jurisdictions, including Hong Kong.

Our Company is incorporated in Singapore. Potential investors should consult their tax advisers concerning the overall tax consequences of acquiring, owning, or selling our Shares. Singapore tax law may differ from the tax laws of other jurisdictions, including Hong Kong. Please see the section headed “Laws and Regulations — Taxation” in this prospectus for further information.

Shareholders’ interest may be diluted as a result of additional equity fund raising.

We may issue additional Shares to raise additional funds in the future to finance our business expansion. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of our existing Shareholders.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders will, upon Listing, beneficially own approximately 39.55% of our Share capital (assuming the Offer Size Adjustment Option and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post IPO Share Options). As such, our Controlling Shareholders will have substantial control over our business. By virtue of their ownership of our Share capital as well as their positions on our Board, they will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at the general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;
- selection of senior management members;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- subject to the provisions of our Constitution, cause us to adopt amendments to our Constitution, including amendments that are not in the best interests of our other Shareholders.

The interests of our Controlling Shareholders may differ from the interests of other Shareholders, and they are free to exercise their votes according to their own interests. In the event that the interests of our Controlling Shareholders conflict with those of other Shareholders, our other Shareholders may be disadvantaged as a result.

RISK FACTORS

You may experience difficulties in enforcing your shareholder rights because we are incorporated in Singapore, and the rights of non-controlling shareholders may not enjoy the same level of protection as pursuant to the laws of Hong Kong or your own jurisdiction.

Our corporate affairs are governed by our Constitution and by Singapore laws and regulations. The Singapore laws relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedents in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions where they may be located. For more details, please refer to “Appendix III — Summary of our Constitution of our Company and Salient Provisions of Singapore Laws” to this prospectus.

Foreign investors may have difficulties in enforcing foreign judgments obtained against our Company or our Directors.

Our Company is a holding company incorporated in Singapore with business operations conducted through various subsidiaries. In addition, substantially all of the assets of our Company and assets of our Directors and officers are located outside of Hong Kong. As a result:

- it may not be possible for foreign investors to effect service of process within the relevant jurisdiction upon our Company or our Directors and officers located outside the relevant jurisdiction or to enforce, in foreign courts, judgments obtained against them in foreign courts, including judgments predicated upon the civil liability provisions of foreign securities law; and
- it may not be possible for Hong Kong investors to effect service of process within Hong Kong upon our Company or our Directors and officers located outside Hong Kong or to enforce, in the Hong Kong courts or outside Hong Kong, judgments obtained against them in the Hong Kong courts or in courts outside Hong Kong, including judgments predicated upon the civil liability provisions of Hong Kong securities laws.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

Certain statistics and facts in this prospectus have not been independently verified.

This prospectus includes certain statistics and facts that have been extracted from government official sources and publications or other sources. Our Group believes that the sources of these statistics and facts are appropriate for such statistics and facts. Our Group has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts have not yet been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other parties involved in the Listing. Therefore, our Group makes no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

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Due to possibly flawed or ineffective collection methods, discrepancies between published information, market practice and other reasons, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no guarantee that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Forward-looking statements in this prospectus may prove inaccurate.

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors. These forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements or discussed in this prospectus.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, some of which may not be consistent with information contained in this prospectus.

We wish to emphasise to potential investors that we do not accept any responsibility for the accuracy or completeness of any press articles or other media and that such press articles or other media were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the media. To the extent that any such statements are inconsistent with, or in conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS

In preparation for the Listing, we have applied for, and been granted by the Stock Exchange, a number of waivers from strict compliance with certain provisions under the GEM Listing Rules.

Set out below are the waivers granted to us by the Stock Exchange in light of the specific facts and circumstances applicable to us:

Relevant Rule(s) waived	Subject matter
Rules 5.14 and 11.07	Company secretary — qualifications or experience
Rule 12.11 of the GEM Listing Rules	Conversion of Preference Shares into Ordinary Shares

Company Secretary

We are required under Rule 11.07 of the GEM Listing Rules to appoint a company secretary who satisfies the criteria under Rule 5.14 of the GEM Listing Rules. Rule 5.14 of the GEM Listing Rules provides that an issuer must appoint as its company secretary an individual who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary of the issuer by virtue of his or her academic or professional qualifications or relevant experience.

Upon Listing, we will appoint the following two joint company secretaries:

- (a) Mr. KWOK Siu Man (郭兆文) ("**Mr. Kwok**"), who will be stationed in Hong Kong and provide Hong Kong company secretarial support and assistance to us for an initial period of three years from the Listing Date. Mr. Kwok meets the acceptable academic or professional qualifications for a company secretary under Note 1 to Rule 5.14 of the GEM Listing Rules; and
- (b) Ms. Sylvia Sundari POERWAKA ("**Ms. Poerwaka**"), the financial controller of our Group, who will work closely with Mr. Kwok.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 5.14 and 11.07 of the GEM Listing Rules on the condition that our Company engages Mr. Kwok, who meets the requirements of Note 1 to Rule 5.14 of the GEM Listing Rules, as a joint company secretary to assist Ms. Poerwaka in the discharge of her duties as a joint company secretary and in gaining the relevant experience as required under Note 2 to Rule 5.14 of the GEM Listing Rules. This waiver will be revoked immediately when Mr. Kwok, during the three-year period, ceases to provide assistance to Ms. Poerwaka. Upon expiry of the three-year period, the qualifications and experience of Ms. Poerwaka and the need for the ongoing assistance of Mr. Kwok will be further evaluated by our Company, and our Company will then endeavour to demonstrate to the Stock Exchange's satisfaction that Ms. Poerwaka, having had the benefit of Mr. Kwok's assistance for the immediately preceding three years, has acquired "*relevant experience*" within the meaning of Rule 5.14 the GEM Listing Rules such that a further waiver from Rules 5.14 and 11.07 of the GEM Listing Rules will not be necessary.

Our Directors and the Sole Sponsor have confirmed that the condition set out under the appendix to the Joint Policy Statement in relation to this waiver has been fulfilled.

WAIVERS

Conversion of Preference Shares into Ordinary Shares

According to Rule 12.11 of the GEM Listing Rules, from the time of submission of the application for listing until listing is granted, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer, except as permitted by Rule 10.16 of the GEM Listing Rules.

As part of our Shareholding Restructuring and in an effort to comply with the Listing requirements under the GEM Listing Rules, our Pre-IPO Investors have, on 21 July 2016, served a conversion notice to our Company subjecting the Preference Shares held by them to an automatic and mandatory conversion into Ordinary Shares on the Listing Date. See “History and Development — Our Shareholding Restructuring — Conversion of Preference Shares into Ordinary Shares” in this prospectus for further details.

With the exception of OWW Investments III Limited and Mr. LEE Ching Yen Stephen, all of our Pre-IPO Investors are core connected persons of our Company under the GEM Listing Rules and are hence subject to the requirements under Rule 12.11 of the GEM Listing Rules. Details of their connected relationship with our Company are detailed in “History and Development — Our Shareholders”.

On the grounds set out below, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules to effect the automatic and mandatory conversion of Preference Shares into Ordinary Shares held by the Pre-IPO Investors who are core connected persons of our Company under the GEM Listing Rules (the “**Conversion**”).

- (a) In the context of the Conversion, compliance with Rule 12.11 of the GEM Listing Rules is irrelevant to the regulatory intent of the GEM Listing Rules. The purpose of Rule 12.11 of the GEM Listing Rules is to prevent core connected persons such as directors and substantial shareholders (and their respective close associates) of a listing applicant holding shares from benefiting through dealing in those shares shortly before listing. These core connected persons are deemed by the Stock Exchange to have inside information and are in a position to influence the listing process. The Conversion, however, does not require any payment of consideration or settlement of subscription monies and will not result in any change to the shareholding percentage in our Company. The Pre-IPO Investors will not have any investment or financial investment benefits as a result of the Conversion.
- (b) The Conversion was conducted in an effort to comply with (i) Rules 2.06(2) and 2.06(4) of the GEM Listing Rules, which require the issue and marketing of securities to be conducted in a fair and orderly manner and that all holders of listed securities be treated fairly and equally; (ii) the Stock Exchange’s guidance letter HKEX-GL-43-12, which sets out a list of atypical special rights attached to shares issued to pre-IPO investors (which do not extend to all other shareholders) that are disallowed to survive upon listing to comply with the general principle of even treatment of shareholders under the GEM Listing Rules.
- (c) The Conversion is a procedural step which will not result in any change in the shareholding structure and percentage in our Company given that each holder of the Preference Shares will receive one Ordinary Share for each Preference Share he/she/it holds on the Listing Date.

WAIVERS

- (d) The Conversion is part of our Shareholding Restructuring, which is part of our pre-Listing corporate reorganisation.
- (e) It would have been unduly burdensome and unfairly prejudicial to the Pre-IPO Investors if we were required to complete the Conversion prior to the submission of the application for Listing. The Pre-IPO Investors have made valuable investments and contribution to the historical growth and the continuing prospects of our Company. It is in our Company's and our Shareholders' interests as a whole that the current Special Rights and Obligations attached to the Preference Shares will continue upon the actual implementation of the Listing, which is still subject to the Stock Exchange's approval, market conditions and commercial consideration after the submission of the Listing application. Further, the Conversion will provide stability and certainty to the management and continual operations of our Company during the vetting stage of the Listing application, without the undue administrative burden to otherwise revert Ordinary Shares back to Preference Shares should the Listing not take place.
- (f) Material terms of the Pre-IPO Investments and the Special Rights and Obligations, as well as the details of the Conversion, are disclosed for potential investors' information in "History and Development — Our Pre-IPO Investments" and "History and Development — Our Shareholding Restructuring" in this prospectus.
- (g) Details of this waiver application are disclosed in this section.
- (h) The Conversion is in compliance with the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange on 13 October 2010 and the Stock Exchange's guidance letter HKEX-GL-43-12.

In support of our waiver application, we have confirmed to the Stock Exchange that save for the Conversion, no core connected person of our Company is expected to deal in the securities of our Company from the time of submission of the application for Listing until Listing is granted by the Stock Exchange.

Our Directors and the Sole Sponsor have confirmed that the circumstances set out under the Stock Exchange's guidance letter HKEX-GL-42-12 in relation to this waiver are applicable to us.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Placing Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Placing to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Underwriters, any of their respective directors, officers, employees, affiliates and/or representatives or any other persons involved in the Placing.

Copies of this prospectus are available, for information purposes only, at the offices of KGI during normal office hours from 9:00 a.m. to 5:00 p.m. on Thursday, 1 December 2016 to Friday, 9 December 2016 (both dates inclusive).

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Placing which is sponsored by the Sole Sponsor and lead managed by the Joint Lead Managers. The Placing Shares will be fully underwritten by the Underwriters pursuant to the Underwriting Agreement. For further information about the Placing and underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

PLACING PRICE

The Placing Price is expected to be fixed by the Price Determination Agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is currently scheduled to be on or around 9 December 2016, or such other date as the parties may agree. For full information relating to the determination of the Placing Price, please refer to the section headed "Structure and Conditions of the Placing" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

SELLING RESTRICTIONS

No action has been taken to permit any offering of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Placing Shares will be required to confirm, or by his or her acquisition of the Placing Shares be deemed to confirm, that he or she is aware of the restrictions on the placing of the Placing Shares described in this prospectus and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective subscribers for the Placing Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

STRUCTURE OF THE PLACING

Details of the structure and conditions of the Placing are set out in the section headed "Structure and Conditions of the Placing" in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Placing (including any Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme). Under Section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for our Shares to be listed on GEM pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Placing or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of our Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of our Shares or loan capital on any other stock exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALINGS AND SETTLEMENT

Dealings in our Shares are expected to commence on or around Friday, 16 December 2016. Shares will be traded in board lots of 3,000 Shares and are freely transferable. The GEM stock code for our Shares is 8353. Our Company will not issue any temporary document of title.

HONG KONG SHARE REGISTER AND STAMP DUTY

All of our Shares will be registered on our Company's branch register of members to be maintained in Hong Kong by the Hong Kong Share Registrar and transfer office, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong.

Dealings in our Shares registered in the branch register of members of our Company will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our Shares will be paid to our Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at our Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Constitution.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Placing are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to, the Placing Shares. None of our Company, the Sole Sponsor, the Underwriters, any of their respective directors, officers, employees, affiliates and/or representatives or any other persons involved in the Placing accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Placing Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

OTHERS

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

Unless otherwise specified, amounts denominated in Singapore dollars have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at an exchange rate of S\$1 = HK\$5.4458. No representation is made that any amounts in Singapore dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

	Residential address	Nationality
Executive Directors		
Mr. Lau E Choon Alex (劉伊浚)	35 Bukit Batok East Avenue 6#03-12 Singapore 659765	Singaporean
Mr. Ong Swee Heng (王瑞興)	Apartment Block 181 Bedok North Road #09-24 Singapore 460181	Singaporean
Non-executive Directors		
Mr. Lee Suan Hiang (李泉香), (Chairman)	16 Jalan Jelita Singapore 1027	Singaporean
Prof. Wong Poh Kam (黃寶金)	1 Sin Ming Avenue #14-01 Singapore 575728	Singaporean
Mr. Robert Chew	1B Palm Avenue Singapore 456522	Singaporean
Independent non-executive Directors		
Mr. Alwi Bin Abdul Hafiz	20 Jalan Pari Unak Singapore 488498	Singaporean
Mr. Elango Subramanian	Block 235 Pasir Ris Street 21 #06-59 Singapore 510235	Singaporean
Mr. Li Man Wai (李文偉)	Flat C, 15th Floor, Block H7, Fu Yee Yuen, Chi Fu Fa Yuen, Pokfulam, Hong Kong	Canadian

Please also refer to the section headed "Directors and Senior Management" in this prospectus for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

PARTIES INVOLVED

**Sole Sponsor and Sole Global
Coordinator**

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Joint Bookrunners

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Crosby Securities Limited
5/F, AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

Joint Lead Managers

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Crosby Securities Limited
5/F, AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law:
Deacons
5/F, Alexandra House
18 Chater Road
Central, Hong Kong

As to Singapore law:
Bird & Bird ATMD LLP
2 Shenton Way #18-01
SGX Centre 1
Singapore 068804

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

As to Malaysia law:

Tay & Partners
6/F, Plaza See Hoy Chan
Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

As to India law:

Khaitan & Co
One Indiabulls Centre
13/F, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
India

As to International Sanctions law:

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

**Legal advisers to the Sole Sponsor
and the Underwriters**

As to Hong Kong law:

Kwok Yih & Chan
Suites 2103-5, 21/F
9 Queen's Road Central
Hong Kong

Auditors and reporting accountants

BDO Limited
Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Compliance adviser

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Industry consultant

Frost & Sullivan International Limited
Unit 08, 26/F
No. 9 Queen's Road Central
Hong Kong

Tax advisers

BDO Tax Advisory Pte Ltd
600 North Bridge Road
#23-01 Parkview Square
Singapore 188788

CORPORATE INFORMATION

Headquarter, Registered office and Principal Place of Business in Singapore	1 Fusionopolis View Sandcrawler #08-02 Singapore 138577
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	31/F, 148 Electric Road North Point Hong Kong
Company's website address	<u>www.anacle.com</u> (Information contained on this website does not form part of the prospectus)
Joint company secretaries	Ms. Sylvia Sundari Poerwaka <i>ISCA</i> Apartment Block 22 22 Havelock Road #16-687 Singapore 160022 Mr. Kwok Siu Man (郭兆文) <i>FCS</i> Flat G, 35/F Tower 6, The Belcher's 89 Pokfulam Road Hong Kong
Authorised representatives	Mr. Lau E Choon Alex (劉伊浚) 35 Bukit Batok East Avenue 6#03-12 Singapore 659765 Mr. Ong Swee Heng (王瑞興) Apartment Block 181 Bedok North Road #09-24 Singapore 460181
Compliance officer	Mr. Ong Swee Heng (王瑞興) Apartment Block 181 Bedok North Road #09-24 Singapore 460181
Hong Kong Share Registrar	Boardroom Share Registrars (HK) Limited 31/F, 148 Electric Road North Point Hong Kong
Principal bank	DBS Bank Ltd 12 Marina Bay Boulevard, Level 3 Marina Bay Financial Centre Tower 3 Singapore 018982

CORPORATE INFORMATION

Audit Committee

Mr. Li Man Wai (李文偉) (*Chairman*)
Mr. Elango Subramanian
Mr. Robert Chew

Remuneration Committee

Mr. Elango Subramanian (*Chairman*)
Prof. Wong Poh Kam (黃寶金)
Mr. Alwi Bin Abdul Hafiz

Nomination Committee

Mr. Lee Suan Hiang (李泉香) (*Chairman*)
Mr. Alwi Bin Abdul Hafiz
Mr. Elango Subramanian

INDUSTRY OVERVIEW

The information appears in this Industry Overview section has been prepared by Frost & Sullivan and reflects estimates of market condition based on publicly available sources and trade opinion surveys, or the Frost & Sullivan Report and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this Industry Overview section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this Industry Overview section has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Placing and no representation is given as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

ABOUT THIS SECTION

We commissioned Frost & Sullivan, an independent global consulting company, to provide potential investors with a report including the relevant material industry information on the Singapore IT industry, enterprise application software industry and building energy management system industry (collectively, the “**Industries**”). The Frost & Sullivan Report is independent from our influence. Frost & Sullivan received a total commission of HK\$465,000 for the research and preparation of the Frost & Sullivan Report, and we believe that such fee reflects the market rate. The payment of such amount is not conditional on our successful listing or on the research findings of the Frost & Sullivan Report. Other than the Frost & Sullivan Report, no other information disclosed in this document is extracted from reports commissioned by us or the Sole Sponsor.

RESEARCH METHODOLOGY

Frost & Sullivan’s independent research was undertaken through both primary and secondary research obtained from various sources within the Industries. Primary research involves interviewing leading industry participants while secondary research involves reviewing companies’ reports, independent research reports and data from Frost & Sullivan’s own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data as well as specific industry-related drivers.

BASES AND ASSUMPTIONS

Frost & Sullivan developed its report on the following bases and assumptions for historical data and projections: (i) the social, economic and political environment is likely to remain stable; and (ii) key industry drivers are likely to continue to affect the market over the forecast period. For the projection of total market size, Frost & Sullivan plots available historical data against macroeconomic data as well as data with respect to related industry drivers.

Our Directors confirm that, after taking reasonable care, there is no material adverse change in the market information since the issue date of the above sources which may qualify, contradict or have adverse impact on the information in this section.

INDUSTRY OVERVIEW

ABOUT FROST & SULLIVAN

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecommunications.

RECENT MACROECONOMIC DEVELOPMENT IN SINGAPORE AND ASEAN

Singapore nominal GDP increased from US\$236.4 billion in 2010 to US\$292.7 billion in 2015, representing a CAGR of 4.4%. However, affected by the depreciation of Singapore Dollar in 2015, the nominal GDP experienced a minor decrease when valued in US Dollar. The main driver of GDP growth was the development of domestic manufacturing and service sector. The Singapore economy is expected to maintain a steady growth in the future, and the nominal GDP is expected to increase from US\$292.7 billion in 2015 to US\$336.7 billion in 2020, representing a CAGR of 2.8%.

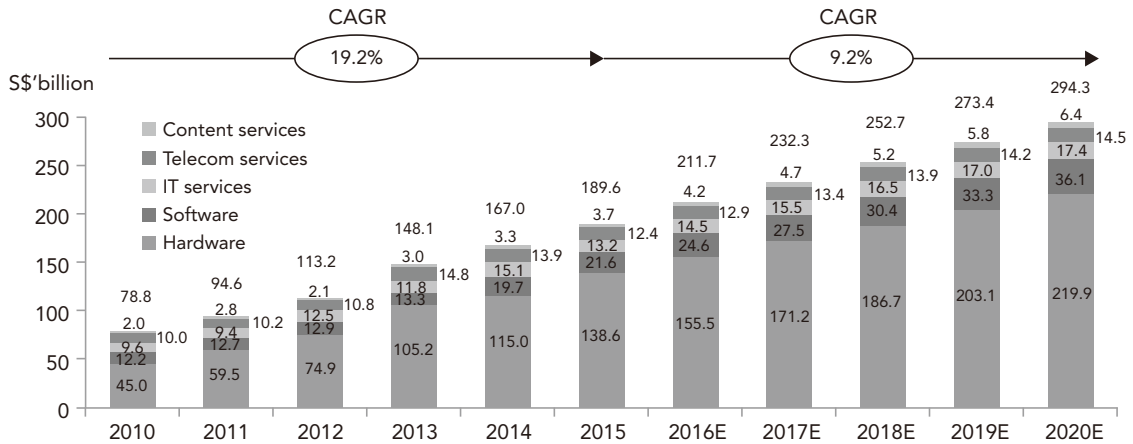
Similarly, the nominal GDP of the Association of Southeast Asian Nations (“**ASEAN**”) experienced a growth from US\$1,969.0 billion in 2010 to US\$2,426.5 billion in 2015, representing a CAGR of 4.3%. In the near future, the sufficient labour force in ASEAN is expected to keep attracting foreign investment especially in the manufacturing sector, and the number of tourists from neighbouring countries is also expected to grow. Thus, the nominal GDP in ASEAN is estimated to grow from US\$2,426.5 billion in 2015 to US\$3,504.4 billion in 2020, representing a CAGR of 7.6%.

RECENT DEVELOPMENTS OF THE INDUSTRIES IN SINGAPORE WHERE OUR GROUP OPERATES

The overall IT industry

The overall IT industry in Singapore has enjoyed continuous support from government, such as annual IT projects investment, and incessant IT industry related personnel training. An example is the Centre for Business Analytics of Singapore jointly set up by National University of Singapore (“**NUS**”) and IBM in 2013 to build long-term and world class capabilities to support Singapore’s strategic focus on business analytics. There are five segments in the IT industry, including hardware, software, IT services, telecom services, and content services. From 2010 to 2015, the market size of IT industry in Singapore increased from S\$78.8 billion to S\$189.6 billion with a CAGR of 19.2%, in which the hardware segment developed most quickly due to larger demand. As Singapore will continue to elevate the productivity of IT industry, it is estimated that the market size of IT industry is estimated to grow from S\$189.6 billion in 2015 to S\$294.3 billion in 2020 with a CAGR of 9.2%. IMDA published the Infocomm Industry Productivity Roadmap (“**IIPR**”) in 2012, which was supported by the National Productivity & Continuing Education Council (“**NPCEC**”), to transit Singapore’s IT industry from labour-based to productivity-led growth in the next five years. Moreover, the Singapore Government has also set aside S\$46 million to execute the IIPR. Over the next five years, the IIPR is expected to benefit more than 1,100 IT local enterprises and approximately 10,000 IT professionals. For details of the market size of the IT industry in Singapore by value and segment, please refer to the illustration below.

INDUSTRY OVERVIEW



Source: Frost & Sullivan Report

Market Drivers

Policy support from the government

Policy support is one of the most important factors for the rapid development of software industry in Singapore. Published in 1992, IT2000 is the basic strategy of the IT policy in Singapore. The main goal of the policy is to build Singapore into the world's most developed "intelligent island" through the application of IT. On 11 August, 2015, the Singapore government released a blueprint named "Infocomm Media 2025", pursuant to which the Singapore government intends to improve the innovation ability and competitiveness in the fields of Big data and its analysis technology, the Internet of Things technology, the cognitive computing and advanced robot technology, the communication and collaboration technology. Such policy support from government guarantees the sustainable development of the IT industry in Singapore in the next few years.

Moreover, Singapore government agencies have been providing several grant schemes to registered business entities in the country to enhance the efficiency of industries by using technology and other innovative resources. For instance, the Inland Revenue Authority of Singapore Productivity & Innovation Credit Scheme has been implemented to encourage businesses in Singapore to enhance their innovation and improve productivity through investing in six qualifying activities, which include the implementation of enterprise application software. Through such scheme, from 2013 to 2018, businesses can claim 400% tax deduction from taxable income expenditure per year and 60% (revised to 40% on or after 1 August 2016 up to 2018) cash pay-out capped at S\$100,000 expenditure.

There are other similar government incentive schemes that support and encourage innovations in various industries which in turn drive growth in the enterprise application software industry. They include the Increase SME Productivity with Infocomm Adoption & Transformation introduced by Infocomm Development Authority, and the Productivity Innovation Project introduced by Building and Construction Authority in 2015.

INDUSTRY OVERVIEW

Emphasis on construction of innovation system

In Singapore, the development of IT industry is closely related to the construction of the innovation system. The construction of industrial cluster and the industry-university-research cooperation network are the two most important elements in the innovation system. Singapore has seen the following two distinctive features in the construction of innovation system:

- an introduction and transplant of the Silicon Valley model, Jurong technology industrial zone was established in Singapore which has clustered most of the IT companies in Singapore; and
- the strengthening of the interaction and cooperation among domestic enterprises, universities, research institutions and foreign enterprises, with the attempt to promote the circulation, diffusion, absorption and innovation of knowledge and technology.

With the development of innovation system, IT industry is actively influenced and further developed.

Good entrepreneurial environment

Good entrepreneurial environment is also one of the most important factors to promote the development of software industry in Singapore. Singapore has enjoyed the following advantages:

- the entrepreneurial atmosphere has rooted from campus. Many university courses invite local or foreign successful entrepreneurs to share their experiences; and
- rich sources of venture capital in Singapore have cultivated a lot of angel investment institutions, and there are many funds that are supported by the government, such as SPRING Singapore, IMDA and other governmental authorities.

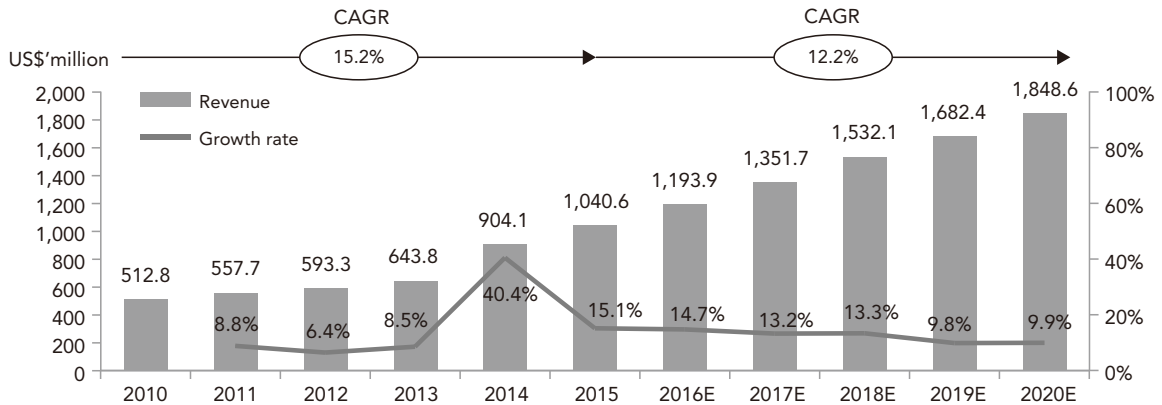
Surrounded by such a sound entrepreneurial atmosphere and supported by abundant venture capital, the IT industry in Singapore is highly motivated.

Enterprise application software industry in Singapore

Enterprise application software is a suite of integrated software applications used by an organisation for the purposes of collecting, storing, managing and interpreting data from its management and business activities. Enterprise application software can be designed to cater for many aspects of business based on customers' requirements. The commonly applied functions include commercial property management, enterprise asset management, shared resources management, supply chain management, customer relationship management, and financial management. The enterprise application software market is part of the software segment of the IT industry. Software suppliers purchase necessary hardware from manufacturers, design and develop programmes, as well as provide after-sales support and maintenance services to end users. They sell their products and services directly to customer enterprises or through channel partners.

INDUSTRY OVERVIEW

Driven by the recovery of economy in Singapore, and the significant rise of business formations, especially in 2014, as well as the general upgrade of management software in all government authorities since 2014, the revenue generated by enterprise application software suppliers in Singapore increased from US\$512.8 million in 2010 to US\$1,040.6 million in 2015, representing a CAGR of 15.2%. The future growth rate is expected to be relatively high due to the continued economic growth and upgrades in IT. It is estimated to increase from US\$1,040.6 million in 2015 to US\$1,848.6 million in 2020, representing a CAGR of 12.2%. The market size and the historical and future expected growth trend of the enterprise application software by revenue are set out below for illustration purposes.

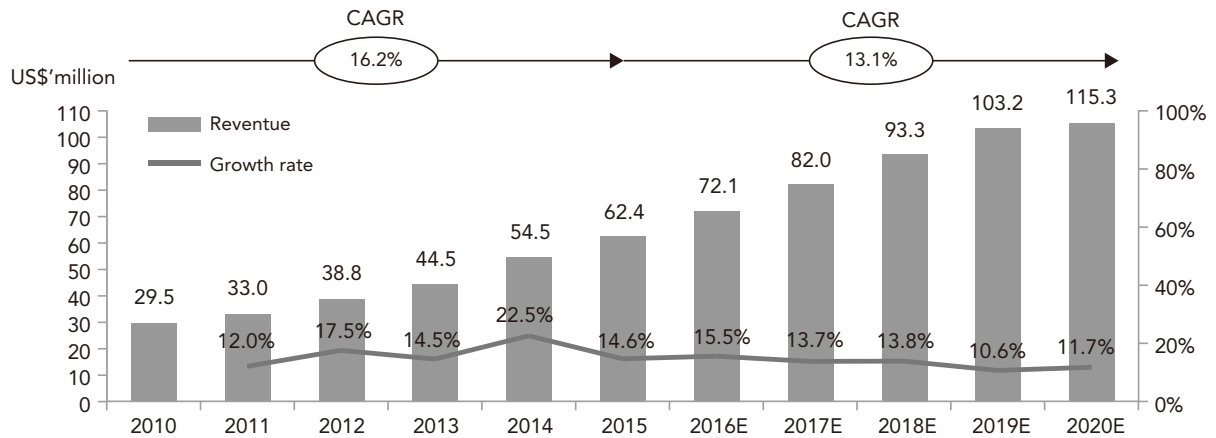


Source: Frost & Sullivan Report

As a specific segment of enterprise application software, commercial property management software is used by commercial property owners to manage their assets more efficiently and effectively. In line with the growth of economy in Singapore, the number of business establishments increased from 53,721 in 2010 to 64,906 in 2015, and the office space available for commercial use in Singapore also increased from approximately 7.1 million square meters in 2010, to approximately 7.6 million square meters in 2015, largely driving up the growth of commercial property management software market.

In terms of the market size by revenue in 2015, commercial property management software has taken up approximately 6.0% in the whole enterprise application software market in Singapore. It increased from US\$29.5 million in 2010 to US\$62.4 million 2015, representing a CAGR of approximately 16.2%. Going forward, the market size of commercial property management software is estimated to increase to approximately US\$115.3 million in next five years, representing a CAGR of approximately 13.1% from 2015 to 2020. The market size and its historical and expected future growth trend of commercial property management software by revenue are set out below for illustration purpose.

INDUSTRY OVERVIEW



Source: Frost & Sullivan Report

Market Drivers

Market demand due to increasing number of enterprises

According to the national statistics, investments in Singapore real estate have seen an increasing trend. Along with the growth in nominal GDP, the economy of Singapore is more appealing to international investors. Each year, many new business entities are established in Singapore in terms of the number of business formations. There were 53,271 business entities formed in 2010, grew up to 64,906 in 2015, representing a CAGR of 4.0%. Customer base for enterprise application software, therefore, has been enlarged along with this overall favorable market trend.

Enterprises' increasing needs of effective software to manage business

The development of mobile device proliferation, bring your own device ("BYOD"), social media, file-sharing technologies, and advances in analytics and reporting have increased the amount of data to be stored and managed within the enterprises during the past few years. Enterprise application software has therefore been applied collect and analyse data to help businesses to better manage their assets, business processes and make commercial decisions. Moreover, Singapore is home to numerous local and foreign enterprises with clients spreading over the world. With increasingly intensive competition of products and services at the global level, the proper use of customised enterprise application software is expected to take a significant role in enterprises' continuous growths.

Rising popularity of cloud-based deployments

In Singapore, the cloud-based solutions and hybrid deployments have reported increased popularity during the past few years. Supported by such technological applications, enterprise application software suppliers have been able to incorporate permission-based access, security infrastructure, as well as search and compliance functionalities to their cloud solutions, therefore increasing the customer acceptance level.

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Entry Barriers

Deep and thorough understanding of customers' business needs

Enterprise application software is often designed to suit customers' specific needs. Software providers need to fully understand a customer's business and the industry in which it competes. New entrants are usually lack of deep and thorough understanding about target markets, and are also in short of experiences. Customers tend to collaborate with experienced software providers, which forms a major barrier for entry.

Long sales cycles

The long and continuous investments in the development and maintenance of enterprise application software is the other barrier for new entrants. Software suppliers have to withstand the long-term incremental investments from the initial development phase based on customer's requirements, which might change along with the project implementation process, and may even extend to the repair and maintenance phase after successful deployments.

Advanced requirements on stability, compatibility and customisation

Besides providing the basic and stable function, the capabilities of enterprise application software to realise compatibility and support customisation also form an entry barrier to new entrants. Customers usually request their systems to be compatible with other systems, and would normally expect their enterprise application software to have interfaces to other systems. It presents another barrier for new entrants short-funded to carry out such research and development.

Brand awareness among customers

In the enterprise application software market, there are some well-known players that have successfully established brand images among customers with their high-quality products and expertise in certain specific application areas. These well-known brands have become first choices when businesses, especially large corporations, consider the purchase of software services. It indirectly forms a barrier to new entrants to the enterprise application software market who have limited market penetration and brand recognition among customers.

Competitive Landscape

In terms of revenue generated from sales of enterprise application software in Singapore, the market size reached approximately US\$1,040.6 million in 2015. In 2015, top 5 suppliers of enterprise application software in Singapore took up an aggregate market share of approximately 29.2%. The largest player occupied approximately 14.9% of the total revenue that all players generated during 2015, and the market share was nearly twice the size of the second largest player, accounting for approximately 6.2% of the total Singapore enterprise application software market in 2015. The third, fourth and fifth largest players occupied around 3.3%, 2.9% and 1.9% market shares respectively. Our Group ranked the 40th in terms of revenue in Singapore enterprise application software industry in 2015 with a market share of approximately 0.42%. The aggregated market share of top 100 players was approximately 80% in 2015.

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In terms of revenue generated from sales of commercial property management software in Singapore, the market size reached a total of approximately US\$62.4 million in 2015. The table below illustrates the ranking of the top players by revenue in that year:

Ranking	Company	2015 Revenue (US\$ million)	2015 Market Share
1	Company 1	12.7	20.4%
2	Our Group	4.4	7.1%
3	Company 2	3.4	5.4%
4	Company 3	2.3	3.7%
5	Company 4	1.1	1.8%
	Top 5 Total	23.9	38.4%

Source: Frost & Sullivan Report

Trends and developments

Increasing mobility in enterprise application software deployments

- The increasing popularity of BYOD, small office/home office and remote workers imply that more jobs can be done remotely by employees through laptops, smartphones or tablets. Thus, mobile interfaces and applications are expected to influence the direction of research and development for enterprise application software suppliers.
- More enterprises are attracted by the increasing mobility in enterprise application software deployments recently, especially those companies that are not confined by traditional desktop-based solutions and need more interactions, such as educational institutions and healthcare centres.

Growing focus on big data application

- Over the years, the amount of data that an enterprise needs has increased significantly. Enterprises are therefore in demand of intelligent enterprise application softwares that can better store and analyse the great amount of data for the purpose of helping the management comprehend various information and make informed decisions.

Closer cooperation with cloud service providers

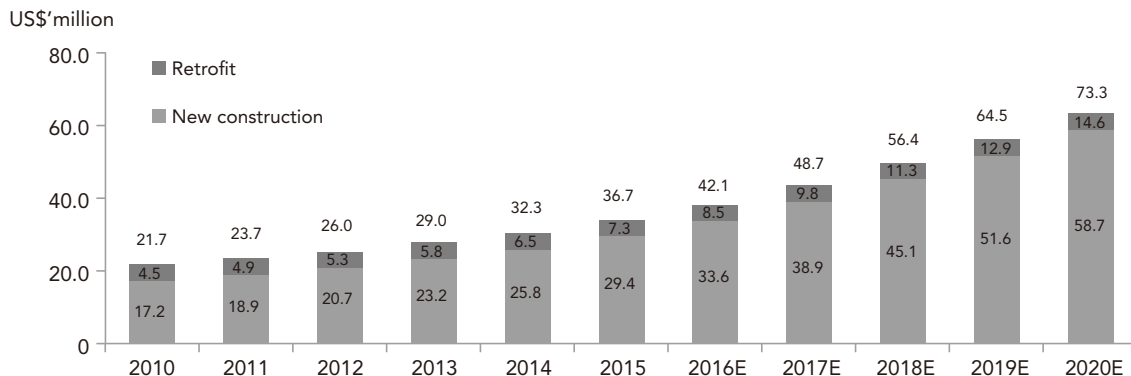
- Cloud-based service model has been applied by many external stakeholders of enterprises, such as consultants, partners, clients and investors. Deployments of enterprise application software solutions through cloud-based services has proven to be easier to collaborate with these stakeholders.
- Internally, employees also start using commercially-available cloud-based applications for sharing files, communicating and coordinating project progress.
- To ensure that enterprise information is safe and effectively under control on premise, and also to better co-ordinate with external stakeholders, companies are more incurred to collaborate with cloud-based service providers to develop their own cloud-based management software.

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Building energy management system industry in Singapore

Energy management system (“**EMS**”) is a network-based system that enables an individual entity to monitor, measure and control the performance of energy consumption, such as the lighting, heating, ventilation and air conditioning (“**HVAC**”) systems. This is designed to reduce energy consumption, improve the utilisation of the system, increase reliability, predict electrical system performance, and optimise energy usage to reduce cost. The EMS system is an integrated provider of hardware, software and services. The EMS market is segmented on the basis of components, verticals and end application industries. The EMS consists of sensors, display units, smart meters, smart plugs, thermostats and others. On the vertical basis, the market is segmented as power and utilities, telecommunication and IT, manufacturing, enterprise, healthcare and others. By application end-user categorisation, the market is divided into EMS as Home Energy Management System (“**HEMS**”) and Building Energy Management System (“**BEMS**”). Both HEMS and BEMS consist of software and hardware components that can monitor and control the energy consumption of devices used in buildings and optimise the operational efficiency of buildings. The main difference between HEMS and BEMS is that HEMS is applied in residential buildings, while BEMS is applied in commercial buildings, industrial buildings and educational institutes. Segmented on the basis of different installation types, the BEMS industry is further divided into new construction and retrofit market.

The new construction market went through relatively faster growth in the past five years due to the growing environmental awareness. It grew from US\$17.2 million to US\$29.4 million from 2010 to 2015, at a CAGR of approximately 11.3%. The retrofit market is expected to quickly catch up in the upcoming years as the buildings formerly constructed did not install BEMS, whereas energy control is necessary to rationalise the rising energy costs. It grew from US\$4.5 million in 2010 to US\$7.3 million in 2015 and is estimated to grow at a CAGR of 14.9% in the next five years. Overall, the number of office buildings in Singapore is around 1,300, however, only a few of them have installed BEMS, suggesting a great market potential. Moreover, in other international cities packed with high-rise buildings, such as Hong Kong, Taipei, Macau, Shanghai, Beijing and Shenzhen, they all have the same need to save energy and to cut cost for building operators in these cities and relatively low penetration of BEMS. The market size of Singapore BEMS and its historical and future growth trend are set out below for illustration purpose:



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Market Drivers

Growing environmental awareness

With the increasing awareness of environment protection, green buildings have become much more popular. On this basis, energy consumption level becomes a key concern for property owners. Consumers are interested in understanding the true cost of electricity to optimise their choices in managing their energy usage. This is expected to lead end-users to adopt BEMS to secure more control over their energy usage.

Widespread connectivity

The development of Internet of Things (“IoT”) will drive up connectivity in buildings. The key benefit of IoT in buildings is the easier identification of devices which request attention based on their stipulated versus actual energy consumptions, and generating alerts for human intervention or automated control through building management softwares. The BEMS market is expected to be driven by advancements of IoT technology to provide more advanced services.

Singapore government’s plan to increase building energy efficiency creates opportunities for building energy management system providers

The Inter-Ministerial Committee on Sustainable Development (the “IMCSD”) has a target for Singapore’s environmental sustainability in buildings so that by 2030, 80% of the existing buildings shall achieve at least the BCA Green Mark certification rating. In terms of energy efficiency, the IMCSD sets a target of 35% reduction from the 2005 level by 2030. Under its third green building master plan, up to 50% of the retrofitting cost for energy improvements, or up to S\$3 million for building owners and up to S\$20,000 for occupants and tenants will be co-funded. This has created opportunities for building energy management system providers.

In addition, the Energy Market Authority, National Water Agency and Singapore Power will issue a call for proposals to develop technical solutions for a smart metering trial, which will enable consumers to read and monitor energy data in real time. This initiative will bring potential opportunities for building energy management system providers.

In the second half of 2018, a commercial or industrial consumer with an average monthly electricity consumption of at least 2,000 kWh, can choose to buy electricity from electricity retailers under customised price plans or from the wholesale electricity market at prices that fluctuate in every half-hour. Under this proposed liberalisation policy, over 1.3 million consumers will be able to choose energy retailers instead of purchasing electricity solely from state-owned utilities companies. Following this liberalisation trend, eligible enterprises will attempt to adopt effective and accurate energy billing and settlement solutions to their property portfolios. This is expected to result in an increase in the demand for BEMS providers to monitor and track energy consumptions of the commercial properties.

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Entry Barriers

Challenges from first-mover's advantage by improvement for product and service

Entry barriers arise when the initial EMS market entrants capture critical first-mover advantages by collecting and accumulating product data and using it to enhance products and services, and to redefine the after-sales services. Such a continuous improvement will further differentiate the first movers from late comers and create higher barrier for the latter ones.

Exclusivity by established partnership

For new entrants, one challenge will come from the well established relationships between existing players and their clients. There is low incentive for building owners to change partners especially in the new construction market, because EMS are usually installed together with other systems by the same building technology company. The solid partnership is a major threat to new entrants.

Threat of potential substitutes

New business models enabled by BEMS products may create substitutes for product ownership, reducing overall demand for the existing prevailing product. SaaS business models, licensed on a subscription basis, for example, allow users to have full access to a product but pay only for the amount of product they, which pose threats to those products that only provides energy data.

Competitive Landscape

Revenue from the new construction BEMS segment in Singapore grew at a CAGR of 11.3% from 2010 to 2015 and reached approximately US\$29.4 million in 2015. In the year of 2015, the top four players of BEMS in new construction market captured a total market share of 73.2%. All of these are multinational building technology players. The reason that multinational building technology companies dominate this segment is that BEMS is always installed with other systems at the same time in new construction market. The largest player captured 25.2% of market share with revenue of US\$7.4 million. The market share of the second, third, and fourth largest players occupied 19.4%, 15.0% and 13.6%, respectively, in 2015.

Revenue from the retrofit BEMS segment in Singapore reached a total of approximately US\$7.3 million in 2015. The following table illustrates the ranking of the top players.

Ranking	Company	2015 Revenue <i>(US\$ million)</i>	2015 Market Share
1	Company 5	1.54	21.1%
2	Company 6	1.34	18.4%
3	Our Group	1.26	17.3%
4	Company 7	0.87	11.9%
5	Company 8	0.63	8.6%
	Top 5 Total	5.64	77.3%

Source: Frost & Sullivan Report

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Trends and developments

Demand response

- A demand response business model is designed to balance the demand and supply of energy automatically through application software on cloud-based services. For example, advanced sensors can perceive peak load problems and utilise automatic switching, thus removing the chance of overload and the resulting power failure. The trend towards “open automated demand response” (OpenADR) is expected to gain the attention of building owners as a promising energy-saving measure going forward.

Growth in service-based business models

- The market is characterised by increased connectivity, bringing deployment of the IoT solutions, big data and data analytics, and cloud-based control. The technology advancement will enable technology innovation towards a remote service-based model. Such a SaaS model will reduce the provider’s cost since SaaS provider owns the equipment and it is split among all customers that use that solution.

Asset level and comprehensive data-driven trend

- A data-driven approach also helps facilitate owners and energy managers to monitor data at the asset level. This helps to monitor all individual sites and equipment rather than merely the entire facility. The data-driven approach helps energy managers to understand the causes of any energy wastage from any part or equipment of a facility.

Software delivery models

There are two delivery models for enterprise application software industry and building energy management systems industry, namely on-premise model and SaaS model.

On-premise software delivery model is based on the installed and operated in-house server and computing infrastructure on a client’s premise. It utilises an organisation’s self-owned computing resources and requires only a licensed or purchased copy of software from an independent software vendor. The customer is responsible for the security, availability and overall management of on-premise softwares. The vendor provides after sales integration and support services. Its operation requires in-house server hardware, capital investment in software licenses, in-house IT support staff and longer integration periods. On-premise software delivery model is considered more secure, as the entire instance of software remains on the organisation’s premises. Also, it is more customisable than SaaS model because vendors have the obligation to build more comprehensive software development kits for these systems.

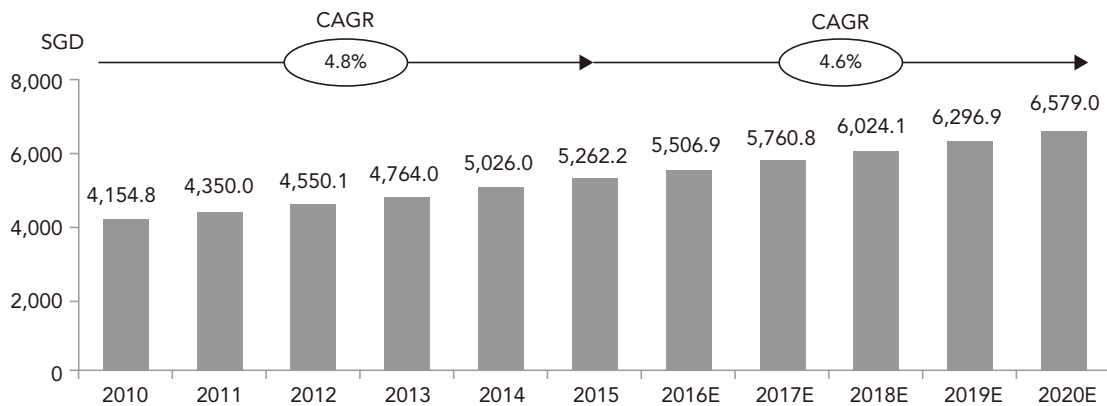
For the SaaS delivery model, a service provider hosts the application at its data center and a customer accesses it via a common web browser. The service is purchased on a subscription basis, and no hardware is required to be installed by the customer except for meters and wireless communicators in the case of energy management system such as **Starlight**. Updates are applied automatically without customer intervention. SaaS removes the need for organisations to install and run applications on their own computers or in their own data centers, hence eliminating the expenses of hardware acquisition, provisioning and maintenance, as well as software licensing, installation and support. SaaS is considered cost and time-efficient as customers only need Internet and log-in details to complete the installation.

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Cost of sales analysis

The principal cost component for Singapore's IT industry is labour. As Singapore has become one of the IT centers in Asia-Pacific, the demand for IT professional talents become increasingly larger, while the speed of training of IT talents still lags behind. The government of Singapore has already pointed out that more efforts are needed in order to attract foreign talents. Moreover, the salaries for IT professional talents have also increased gradually.

From 2010 to 2015, the average monthly salary of IT professionals in Singapore increased from approximately SGD4,154.8 to S\$5,262.2 with a CAGR of 4.8%, and is expected to reach approximately S\$6,579.0 by 2020 with an estimated CAGR of 4.6%.



Source: Frost & Sullivan Report, Info-communications Media Development Authority of Singapore (IMDA)

Enterprise application software industry in Malaysia

As one of the fast developing countries in Asia, Malaysia has experienced constant GDP growth over the past few years. Under the impact of economic growth as well as the on-going expansions and digital transformations of domestic businesses, the market size of enterprise application software in terms of sales revenue in Malaysia increased from approximately US\$553.2 million in 2010 to US\$1,084.6 million in 2015, representing a CAGR of 14.6%. Driven by the increasing requirements on management software among enterprises and more investments in R&D from software suppliers, the market is expected to further grow from US\$1,084.6 million to US\$1,875.4 million, representing a CAGR of 10.4% from 2015 to 2020.

The key market drivers are:

1. driven by the growing needs to create new revenue streams, reduce expenses, improve customer experience and stay ahead of competition, approximately 34% of the organisations in Malaysia have recently carried out digital transformation projects. Enterprise application software, as the information collecting and analysing tool, is playing an important role in this transformation;
2. the Malaysian Government has published several policies and regulations to better support businesses and help promote industrial upgrading. For example, the new Goods and Services Tax (GST) came into effect in early 2015 that requires businesses to upgrade enterprise application software or to adopt new ones that are GST compliant and compatible, especially concerning the financial system, supply chain system and transaction management system; and

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- investments in R&D by suppliers of enterprise application software continues to increase in Malaysia, and cloud computing is expected to be a focused area. Moreover, with such increased investments, enterprise application software is expected to become more sophisticated at satisfying various customer demands in the fast-changing modern economy.

The market of enterprise application software in Malaysia is relatively concentrated with the co-existence of both big multinational brands and some medium-sized suppliers.

Building energy management system industry in Malaysia

Commercial building sector is one of the fastest growing energy consuming sectors in Malaysia. It is estimated that the amount of energy consumed by commercial buildings in Malaysia reached 40 to 45% of total energy consumption in 2015. As a fast growing emerging economy, Malaysia also advocates the energy saving. In the past five years, the new construction market of BEMS in Malaysia grew from US\$18.6 million to US\$29.7 million, while the retrofit market witnessed a growth from US\$4.8 million to US\$7.4 million. The Malaysia government has been making efforts on implementing policies and making plans for energy saving. In the coming five years, both the new construction and retrofit market segments are expected to grow aggressively with a CAGR of 14.6% and 14.5 %, respectively.

The key market drivers are:

- companies in Malaysia are now implementing more energy saving measures at their premises as a part of their CSR plan. Apart from energy costs saving, this is also believed to increase the building's asset value and to promote the company's image. With foreign direct investment increasing in Malaysia, this CSR trend will gain prevalence among multi-national companies and large local companies; and
- Malaysia's primary energy demand is increasing at an annual growth rate of 2.3%. Between 2015 and 2020, approximately 4 gigawatts (GW) additional power capacity are expected to meet the rising demand. As the energy consumption increases, the Malaysian government is encouraging the smart energy solutions including the emphasis on transforming traditional buildings into green buildings. Green Building Index (GBI) has also been launched to promote the sustainability in the built environment and raise the awareness of environmental issues amongst developers, architects, engineers, planners, designers, contractors and the public.

The BEMS industry in Malaysia in terms of the new construction market is dominated by several large companies, taking up majority of the market share. Market dominance in this segment is mainly because BEMS is usually installed along with other mechanical and electrical systems which are also provided by the large companies when new buildings are constructed. On the other hand, the market of the retrofit segment of building energy management system industry in Malaysia is relatively fragmented, with some of the above large companies competing with other relatively smaller firms.

Enterprise application software industry in Hong Kong

Supported by the continued growth in the economy and the large number of businesses located in Hong Kong, enterprise application software market grew at a CAGR of 13.2% from US\$458.7 million in 2010 to US\$853.0 million in 2015. During the same period, the market size

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of enterprise application software for commercial property sector increased from US\$32.0 million in 2010 to US\$66.2 million in 2015 with a CAGR of 15.6%. With the continued growth in the economy and the expanding needs from these businesses, the market for enterprise application software in Hong Kong is expected grow at a CAGR of 11.3% from US\$853.0 million in 2015 to US\$1,454.6 million in 2020. The market size of enterprise application software for commercial property sector is expected to increase to US\$118.1 million in 2020.

The key market drivers are:

1. business internationalisation plan calls for system upgrade and cloud adoption, which presents a growth engine for the enterprise application software market in Hong Kong;
2. software suppliers focus more on improving the mobility of their software solutions; and
3. information explosion requires better information management and the rising of e-commerce drive the market growth of enterprise application software.

The market of enterprise application software in Hong Kong is concentrated and primarily occupied by several large enterprises.

Building Energy Management system industry in Hong Kong

Hong Kong is a highly developed city with extremely high building density. Buildings account for about 90% of the territory-wide energy consumption in 2015. With growing concerns about energy and the environment, Hong Kong has been working hard to develop energy-efficiency programs and building energy codes. From 2010 to 2015, the sales revenue of BEMS in new construction segment of Hong Kong grew at a CAGR of 13.1% from US\$12.2 million to US\$22.6 million and the retrofit segment increased from US\$3.4 million to US\$5.7 million. From 2015 to 2020, Hong Kong will continue the devotion to build more environment-friendly buildings and retrofit the old buildings with no installations before. The sales of BEMS is estimated to grow from US\$22.6 million to US\$48.0 million in the new construction segment, and the retrofit segment is expected to reach the sales of US\$12.0 million by 2020.

The key market drivers are:

1. Trend of retrofitting old buildings

In Hong Kong, a comprehensive Integrated Building Maintenance Assistance Scheme has been introduced since 1 April 2011 for retrofitting of old buildings. To date, there are still a large number of aged buildings about to be reconstructed, and most of them are not installed with BEMS. Thus, there are significant opportunities for growth of the BEMS market in Hong Kong because more building owners are aware of BEMS and its benefits to rationalise energy cost.

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2. Targets set by government in building energy efficiency

The Hong Kong government has been actively implementing a series of policies to encourage energy savings in buildings. In 2015, the government adopted new target for government buildings to reduce 5% electricity consumption between 2015 and 2020 using 2013 and 2014 as the comparing base. Other specific goals set by government by 2020 are as follows:

- enhancing the power equipment energy efficiency of new commercial buildings by 50%;
- enhancing the air conditioning efficiency out of 20% of total commercial buildings by 50%; and
- enhancing the energy efficiency out of 25% of existing commercial buildings by 15%.

As electricity consumption of buildings accounted for more than 90% of total electricity consumption in Hong Kong, the demand for building energy-saving in Hong Kong is huge. Large players in this market occupied most shares as they have good track record in providing comprehensive solutions with proven quality.

Enterprise application software industry in the PRC

Enterprise application software industry witnessed a constant growth in the past five years in the PRC. With the increasing number of medium to large-scaled companies operating in the PRC and the growing competition in almost all industries, the market demands for effective enterprise application software that can help organisations better manage assets and resources have been increasing. The total sales value of enterprise application software in the PRC increased from US\$2,493.1 million in 2010 to US\$5,913.2 million in 2015, representing a CAGR of 18.9%. And the sales value of enterprise application software for commercial property sector increased from US\$119.7 million in 2010 to US\$266.4 million in 2015 with a CAGR of 17.4%.

For the next five years, the market of enterprise application software in the PRC is expected to grow continuously. More entities are expected to start applying such software in their management system. The competition in this market is also believed to be more fierce. The total sales value is forecasted to increase from US\$6,849.4 million to US\$11,871.3 million, representing a CAGR of 15.0% from 2015 to 2020. And the sales value of enterprise application software for commercial property sector is expected to reach US\$541.9 million in 2020 with a CAGR of 15.3%.

The key market drivers and trends are: (i) driven by the increasing awareness of the benefits of enterprise application software, more companies are expected to adopt such software, and the customer base of enterprise application software continues to increase. (ii) supported by the development of informational technology in the PRC, enterprise application software is incorporated increasingly with Cloud services to facilitate the mobility of such software.

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Though multinational management software providers are in the leading position, large Chinese enterprise management software providers have made significant progress in this market, and the gap between foreign peers is being narrowed. The competition among Chinese providers is especially fierce in the segment of management software for small and medium-sized enterprises (SMEs).

Building energy management industry in the PRC

In the PRC, as the pace of urbanisation accelerated in recent years, more buildings were being built, which led to large amount of energy consumption. The new construction market of building energy management systems experienced a rapid growth from US\$614.8 million to US\$1,330.7 million from 2010 to 2015 at a CAGR of 16.7%. And the buildings constructed before are also faced with the need for retrofitting. The retrofit market grew from US\$144.2 million to US\$298.1 million at a CAGR of 15.6% from 2010 to 2015. Driven by the further urbanisation and goal of carbon emission, larger market potential of BEMS is expected in the coming five years. The new construction market is estimated to grow at a CAGR of 17.0%, and the retrofit market will reach US\$690.7 million in 2020 due to a large stock of old buildings.

The key market drivers and trends are: (i) continuous developments of urbanisation in the PRC help the optimization of the economic structure and promote demand for effective energy-saving building management system. (ii) increasing market potential for building energy management system in the PRC, as currently only 4% of buildings in the PRC implement energy efficiency measures.

It has not been long since building energy management system entered the PRC market. The market is still in its infancy stage with many product and service providers, among which small-and-medium-size-enterprises dominate in numbers, and thus the market is fragmented with low concentration level.

Market overview of enterprise application software industry in the Middle East

As a growing number of companies are making transitions from completely manual environments to automated back-office systems in the Middle East, the usage of enterprise application software increased in the past few years. The sales value generated by enterprise application software suppliers grew from US\$1,231.6 million in 2010 to US\$1,850.0 million in 2015, representing a CAGR of 8.5%. During the same historical period, the market size of enterprise application software for commercial property sector increased from US\$104.7 million to US\$166.5 million with a CAGR of 9.7%. Driven by the demand from enterprises and government departments in modernising their transactional systems since 2013, the market size of enterprise application software in the Middle East is continuously increasing. It is expected that the market size of enterprise application software will reach US\$2,562.7 million in 2020 with a CAGR of 6.7%. And the market size of enterprise application software for commercial property sector will reach US\$246.0 million in 2020.

The key market drivers and trends are: (i) increasing demand from enterprises and governments to modernise their business operation process motivate the usage of enterprise application software in Middle East; and (ii) modern technologies, such as mobile communications, big data, Internet of things and other emerging technologies are becoming increasingly familiar in the Middle East, which are of great significance to the reform and modernisation process of the Middle East.

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The market of enterprise application software in the Middle East is concentrated and mainly dominated by multinational providers who accounted for over 30% market share in the Middle East in 2015.

Building energy management industry in the Middle East

The building energy management systems market in the Middle East continues to grow as the technologies reach maturity and enterprises gain more understanding of the value of energy management's investment. The new construction market achieved rapid growth from US\$51.4 million to US\$78.5 million with a CAGR of 8.8% as more new office building adopted energy management systems, and is expected to reach US\$122.8 million in 2020 with a CAGR of 9.4%. As there have been a number of buildings which did not install building energy management systems beforehand, the retrofit market was also motivated to grow from US\$37.2 million in 2010 to US\$61.7 million in 2015 with a CAGR of 10.7%, and is expected to reach US\$104.6 million in 2020 with a CAGR of 11.1%.

The key market drivers and trends are: (i) building energy consumption is one of the largest portion of operational cost. In order to save primary energy, reduction and control of building energy usage is becoming more important; and (ii) with the increasing environmental protection awareness, many businesses in the Middle East have set dynamic strategic directions to achieve immediate reduction in energy consumption.

The market of building energy management in the Middle East is relatively fragmented as there are many players in building energy management industry in the Middle East. As the weather in the Middle East is very hot, electricity consumption is huge. In order to decrease the cost of energy, the demand for the building energy management system is strong in both new construction and retrofit segment.

LAWS AND REGULATIONS

The following summarises the laws and regulations in Singapore, Malaysia and India that are material to our Group and operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Potential investors should also refer to a summary of our Constitution and salient provisions of Singapore laws set out in Appendix III to this prospectus and note that the following summary is based on the laws and regulations in force as at the Latest Practicable Date and may be subject to change (possibly with retrospective effects).

LAWS AND REGULATIONS OF SINGAPORE

Laws and regulations relating to electrical equipment

Telecommunications Dealers Licensing System

The telecommunications industry in Singapore is regulated by the IMDA. Pursuant to the Telecommunications Act, Chapter 323 of Statutes of Singapore, the IMDA is authorised to grant licences for the establishing, installing, using, working, maintaining, developing, constructing, promoting, hiring and selling of telecommunication systems and services in Singapore.

A dealer who wishes to manufacture, import, let for hire, sell, or offer or possess for sale any registered equipment or telecommunication equipment must be licensed under the Telecommunications (Dealers) Regulations ("**TDR**").

Where a dealer deals in any registered equipment or telecommunication equipment set out in the First Schedule of the TDR, that dealer shall be deemed to have been granted a dealer's class licence under section 5 of the Telecommunications Act for that purpose ("**Dealer's Class Licence**"). The telecommunications equipment set out under the First Schedule of the TDR are:

- (a) Telephone (Standard/Multi-Feature/Image/Data/Switching);
- (b) Telephone Line Interface;
- (c) Telephone Ancillary;
- (d) Autodialler;
- (e) Auto Answering/Recording Set;
- (f) Caller Identification Equipment;
- (g) Security Alarm System;
- (h) Facsimile Transceiver;
- (i) Voice Band Modem;
- (j) EFTPOS/CCAT;

LAWS AND REGULATIONS

- (k) Telex Equipment;
- (l) Digital Leased Circuit Equipment; and
- (m) Other equipment as determined by the IMDA.

A holder of Dealer's Class Licence shall, *inter alia*, abide by the following rules, in relation to any registered equipment or telecommunication equipment set out in the First Schedule of the TDR:

- (a) before selling such telecommunication equipment, ensure that it meets the standards and specifications for the sale of such telecommunication equipment published by the IMDA in the manner it thinks fit;
- (b) ensure that it works correctly with the relevant telecommunication system or equipment of the telecommunication system licensee to which it is connected; and
- (c) cease to sell the telecommunication equipment if so directed by the IMDA and dispose of the telecommunication equipment at its own expense in the manner directed by the IMDA.

Our Company has confirmed that it has been issued a Dealer's Class Licence by the IMDA and the relevant equipment it deals in its course of business has been registered with the IMDA.

Regulation 4 of the TDR provides that a dealer who wishes to manufacture, import, let for hire, sell, or offer or possess for sale any telecommunication equipment that is not registered equipment or telecommunication equipment set out in the First Schedule of the TDR shall obtain a dealer's individual licence ("**Dealer's Individual Licence**"). It shall be a condition of a Dealer's Individual Licence that the holder of a Dealer's Individual Licence may only sell telecommunication equipment that is not registered equipment or telecommunication equipment set out in the First Schedule to (a) to another holder of a Dealer's Individual Licence; or (b) a person, other than the holder of a Dealer's Class Licence, for re-export and not for use in Singapore.

Electrical or Supply Installations Licensing System

The energy industry in Singapore is regulated by the Energy Market Authority ("**EMA**"). The EMA is authorised to grant licences pursuant to the Energy Market Authority of Singapore Act, Chapter 92B of Statutes of Singapore.

Section 67 of the Electricity Act, Chapter 89A of Statutes of Singapore, provides that no person shall use, work or operate ("**handle**") or permit to be handled any electrical or supply installation except under and in accordance with the terms of an electrical or a supply installation licence. When granted such a licence, a person shall employ or appoint such class or classes of electrical workers as the EMA may direct to operate or to be in charge of or to control any electrical or supply installation and no other person shall operate or be in charge of or control the electrical or supply installation. Carrying out electrical work without a valid electrical worker licence constitutes an offence under Section 82(1) of the Act.

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Pursuant to Regulation 3 of the Electricity (Electrical Workers) Regulations, there are three (3) classes of electrical worker licences: (a) the electrician's licences; (b) the electrical technician's licence; and (c) the electrical engineer's licence. There are different degrees of authority conferred to each class of licence.

Electrical or a supply installation licensees shall arrange for the regular inspection of its electrical installations by licensed electrical workers at such intervals as the EMA may consider necessary.

Our Company engages licensed electrical workers to perform electrical work on its metering equipment. Our Company has confirmed that the licensed electrical workers who perform such work for our Company meet the grade requirements for its metering equipment as specified by the EMA.

Technical Requirements under the Metering Code of the EMA

The Metering Code of the EMA requires that meters are submitted to a laboratory that has been accredited by Singapore Accreditation Council-Singapore Laboratory Accreditation Scheme ("**SAC-SINGLAS**") for testing and certification, prior to installation. In addition, the accuracy of meters must be certified by an accredited meter test laboratory recognised by SAC-SINGLAS.

Our Company has confirmed that it has complied with the accreditation and certification requirements under the Metering Code of the EMA.

Law and regulations relating to personal data protection

Personal Data Protection Act

The Personal Data Protection Act (No. 26 of 2012) of Singapore ("**Singapore PDPA**") governs the collection, use and disclosure of individuals' personal data by organisations. The Singapore PDPA also established the Personal Data Protection Commission ("**PDPC**") to administer and enforce the Singapore PDPA.

An organisation is required to comply with the following obligations prescribed by the Singapore PDPA:

- (a) obtain the consent of the individual before collecting, using, or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (b) notify the individual of the purpose of collecting his personal data;
- (c) only use personal data for purposes consented by the individual;
- (d) put in place mechanisms for individuals to withdraw their consent;
- (e) take reasonable efforts to ensure that personal data collected is accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation;
- (f) when requested, correct any error or omission in an individual's personal data;

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- (g) upon an individual's request, provide an individual with his personal data in the organisation's possession and control, as well as information about the ways in which the personal data has been used or disclosed in the past year;
- (h) protect personal data by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (i) cease to retain personal data as long as it is reasonable to assume that:
 - (i) the purpose for which it was collected is no longer being served by retaining it; and
 - (ii) the retention is no longer necessary for business or legal purpose;
- (j) not to transfer any personal data out of Singapore except in accordance with the requirements set out in the Singapore PDPA; and
- (k) implement the necessary policies and practices in order to meet its obligations under the Singapore PDPA and make information about its policies and practices available on request.

If the PDPC finds that an organisation is not complying with any provision in the Singapore PDPA, it may give the organisation all or any of the following directions:

- (a) to stop collecting, using or disclosing personal data in contravention of the Singapore PDPA;
- (b) to destroy personal data collected in contravention of the Singapore PDPA;
- (c) to comply with any direction of the PDPC to provide access to or correct the personal data; or
- (d) to pay a financial penalty of such amount not exceeding S\$1 million.

In addition to the obligations above, the Singapore PDPA also established a Do-Not-Call Registry which allows individuals to register their Singapore telephone numbers in any of the three Do-Not-Call Registers ("**DNC Register**") to opt out of receiving marketing phone calls, mobile text messages, and faxes from organisations.

An organisation must put in place work flow to check whether an individual has listed his phone number on the relevant DNC Register. No person shall send a "specified message" addressed to a Singapore telephone number unless it has been confirmed that the number is not listed on the relevant DNC Register. A "specified message" is one that, among others, purports to offer to supply or advertise or promote goods and services. Any person who contravenes this provision shall be guilty of an offence and shall be liable to a fine not exceeding S\$10,000.

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Laws and regulations relating to the distribution and sale of electrical and communication equipment

Electricity Supply Act 1990 ("Electricity Act")

Section 23C of the Electricity Act states that no person shall manufacture, import, sell or offer for sale or lease any equipment unless the equipment meets such requirements as may be prescribed in respect of the efficient use of electricity (equipment includes any item for such purposes as generation, conversion, transmission, distribution or utilisation of electrical energy or communications such as machines, transformers, apparatus, measuring instruments, protective devices, wiring materials, accessories electrical product, consumer electrical equipment and appliances).

Certain products of Anacle Malaysia falls within the ambit of Section 23C of the Electricity Act (collectively, the "**Electrical Equipment**"). Regulation 97 of the Electricity Regulations 1994 states that the approval from the Energy Commission shall be obtained prior to the manufacture, import, display, sale or advertising of the Electrical Equipment. The Electrical Equipment which has been approved as mentioned above shall be issued with a certificate of approval by the Energy Commission and shall be marked and labelled in accordance with the requirements of SIRIM QAS International Sdn Bhd ("**SIRIM**"). SIRIM is an accredited certification, inspection and testing services provider under numerous bodies, including the National Accreditation Body, the Department of Standards Malaysia, the Energy Commission and the Malaysian Communications and Multimedia Commission.

Communication and Multimedia (Technical Standards) Regulations 2000 ("Communication Regulations")

Regulation 16 of the Communication Regulations states that no person shall use, offer for sale, sell or have in his possession with a view to sell any communications equipment (a) which is contrary to the standards (b) which is not certified as required by the Communication Regulations or (c) which has been certified but is subsequently altered or modified and no longer complies with the standards. "Communications equipment" means "any communications network facilities or customer equipment which may include fixed and wireless equipment", while "standards" means "the applicable technical standards or proficiency tests including processes and procedures, whether set out in the current standards, mandatory standards, technical codes or Malaysian standards, to be established for the purpose of ensuring proficiency levels of persons, as well as the safety, non-interference levels, performance levels and interoperability of any communications equipment".

Certain products of Anacle Malaysia that fall within the ambit of Regulation 16 of the Communication Regulations shall be certified, marked and labelled by SIRIM.

Guidelines relating to distributive trade

The Ministry of Domestic Trade, Co-operatives and Consumerism ("**MDTCC**") have published the Guideline on Foreign Participation in the Distributive Trade Services Malaysia ("**MDTCC Guidelines**"). Distributive trade is defined widely under the MDTCC Guidelines to comprise all linkage activities that channel goods and services down the supply chain to intermediaries for resale or to final buyers. The MDTCC Guidelines state that all proposals for

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foreign participation in distributive trade in Malaysia and any ancillary business shall obtain the prior approval of MDTCC. Foreign participation is defined in the MDTCC Guidelines to mean any interest, associated group of interests or parties acting in concert which comprises: (i) an individual who is not a Malaysian citizen, including permanent resident; or (ii) a foreign company or institution; or (iii) a local company or local institution where the parties as stated in item (i) and/or (ii) herein hold more than 50% of the voting rights in the company or institution.

All proposals for foreign involvement in distributive trade shall obtain the approval of MDTCC. Such proposals include the following:

- a) acquisition of interest in a distributive trade company;
- b) mergers and/or takeovers by foreign participation;
- c) opening of new branches/outlets/chain stores;
- d) relocation of branches/outlets/chain stores;
- e) expansion of existing branches/outlets/chain stores;
- f) buying over/taking over of outlets of other operators;
- g) purchase and sale of properties to operate distributive trade activities prior to obtaining the approval/license from local authorities and other agencies to operate distributive trade activities; and
- h) any ancillary business carried out by foreign business operators.

The MDTCC Guidelines provide that all distributive trade companies with foreign equity shall:

- a) appoint Bumiputera director/directors;
- b) hire personnel at all levels including management to reflect the racial composition of the Malaysian population;
- c) formulate clear policies and plans to assist Bumiputera participation in the distributive trade sector;
- d) hire at least 1 percent of the total hypermarket workforce from persons with disabilities;
- e) increase the utilisation of local airports and ports in the export and import of the goods;
- f) utilise local companies for legal and other professional services which are available in Malaysia;
- g) submit annual financial reports to the MDTCC; and
- h) comply with all by-laws and regulations of local authorities.

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The MDTCC Guidelines, however, do not have force of law. Although there are no legal sanctions against non-compliance, the MDTCC Guidelines can be enforced through the refusal to register branches of foreign companies engaged in such trade, and through licensing, immigration passes and business premises permits requirements.

Laws and regulations relating to employment

Employees' Social Security Act 1969 ("ESSA")

The ESSA is applicable to all industries in the private sector in Malaysia employing one or more employees and is administered and enforced by the Social Security Organisation ("**SOCSO**"). The ESSA provides benefits to the insured employees and/or their families (in the case of death) against economic and social distress in situations where the employees sustain injury, disability or death. Generally, SOCSO administers and provides coverage under two social insurance schemes namely, the Employment Injury Insurance Scheme ("**EIIS**") and the Invalidity Pension Scheme ("**IPS**").

EIIS provides payment of certain benefits to an employee who suffers employment injury, being a personal injury caused by accident or an occupational disease arising out of and in the course of his employment in an industry to which the ESSA applies. The insured persons who suffer from disablement as a result of an employment injury, or the dependants of the insured persons who die as a result of an employment injury, as the case may be, shall be entitled to benefits, namely, medical treatment to and attendance on the insured persons, periodical payments, payments for funeral benefits and expenses. IPS provides for payment of certain benefits where an employee becomes invalid by reason of specific morbid condition of permanent nature and he is incapable of engaging in any substantially gainful activity. An insured person suffering from invalidity shall, unless he has attained 60 years of age, be entitled to receive invalidity pension if he has completed a full or a reduced qualifying period.

All employees are covered under the ESSA and required to register and the employer shall pay both the employer's contribution and the employee's contribution in respect of the whole or part of which wages are payable to the employee to SOCSO under both the EIIS and IPS.

Industrial Relations Act 1965 ("IRA")

The IRA provides a legal avenue for all workmen who have been unfairly dismissed by their employers to seek redress in the Industrial Court of Malaysia. Generally, workmen who are unfairly dismissed by an employer may seek reinstatement to their former position or compensation in lieu of reinstatement.

Employment Act 1955 ("EA")

The EA essentially provides for the minimum work benefits for certain categories of employees (local as well as foreign), including an employee who, irrespective of his occupation, has entered into a contract of service with an employer under which he earns a monthly wage of M\$2,000.00 and below and an employee who, irrespective of the amount of wages he earns in a month, has entered into a contract of service with an employer in pursuance of which he (i) is engaged in manual labour, (ii) is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes; (iii) supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their

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work, etc. For such employees covered by the EA, the EA provides them with statutory minimum benefits, amongst other aspects, the employee's working hours, overtime payment, annual leave, sick leave, maternity leave, public holidays, payment of wages, notice of termination as well as termination and lay-off benefits.

In the event there is any inconsistency between the terms of the contract of employment of an employee covered under the EA and the minimum work benefits conferred under the EA, the more favourable terms for the employee will apply. In respect of those employees who are not covered by the EA, their terms of employment and benefits are governed by their respective contracts of employment.

Employees Provident Fund Act 1991 ("EPFA")

The EPFA requires both the employer and the employee to make respective statutory contributions amounting to a prescribed percentage of the employee's wages to the employee's account maintained with the Employees Provident Fund.

Laws and regulations relating to personal data protection

Personal Data Protection Act 2010 ("Malaysia PDPA")

The Malaysia PDPA, which came into force on 1 January 2013, regulates, among others, the collection, holding, processing and use of personal data in commercial transactions and the prevention of any unlawful and malicious use of any such personal data collected. "Commercial transactions" as defined under the Malaysia PDPA include any transaction of a commercial nature, whether contractual or not, which relates to the supply or exchange of goods or services, agency, investments, financing, banking and insurance, but it does not include a credit reporting business carried out by a credit reporting agency under the Credit Reporting Agencies Act 2009. Malaysia PDPA plays a crucial role in safeguarding the interest of individuals and has made it illegal for anyone, whether corporate entities or individuals, to use or sell personal information or allow such use of the data by third parties without the proper consent of individuals or data subjects.

Under the Malaysia PDPA, data users have to comply with the following seven inter-related data protection principles when collecting and processing personal data of data subjects:

- a) General Principle — Data users are prohibited from processing any personal data unless the data subject has given his consent to the processing of the personal data. Any personal data collected shall not be processed unless for a lawful purpose directly related to the activity of the data user and must not be excessive in relation to the purpose.
- b) Notice and Choice Principle — Data users are duty bound to inform the data subject that his personal data is being obtained, the purposes for which the personal data is being collected, the information available to the data user as to the source of the data, the data subject's right to request access to and to request correction of personal data and the method of communication in the event of inquiries or complaints in respect of the usage of personal data. Furthermore, it will be within the data subject's choice as to the offering and limitation of the usage of such data. Notice shall be given as soon as practicable by the data user when the data subject is first asked by the data user to provide his personal data.

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- c) Disclosure Principle — In the absence of consent by the data subject, data users are prohibited from disclosing the personal data of data subjects for any purposes other than the purpose for which the personal data is supplied for or to any third party.
- d) Security Principle — Data users are required to protect and safeguard the personal data of the data subject from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction by taking practical steps to implement security measures.
- e) Retention Principle — Personal data collected and processed shall not be kept for longer than necessary for the fulfilment of that purpose. Once the data is no longer required for the purpose for which it was processed, the same must be destroyed or permanently deleted.
- f) Data Integrity Principle — Data users shall take reasonable steps to ensure that the personal data collected is accurate, complete, not misleading and kept up to date.
- g) Access Principle — Data subjects must be given access to their personal data held by the data users and can request for the data to be corrected if the data is inaccurate, incomplete, misleading or not up-to-date.

Laws and regulations relating to foreign exchange

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration Department, an arm of Bank Negara Malaysia, which is the central bank of Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current notices issued pursuant to powers conferred by subsections 214(2), (5), (6) and section 261 of the Financial Services Act 2013 and subsections 225(2), (5), (6) and section 272 of the Islamic Financial Services Act 2013) ("**Notices**") and Foreign Exchange Administration Policies issued by Bank Negara Malaysia.

Under the current Notices and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, non-residents of Malaysia are free to repatriate any amount of their own funds in Malaysia at any time, including capital, divestment proceeds, profits, dividends, rental, fees and interests arising from investment in Malaysia, provided that such repatriation is made in foreign currency except in the currency of Israel. The repatriation of funds is subject to the applicable reporting requirements, and any withholding tax.

In respect of borrowings, a resident company is free to borrow in foreign currency (other than the currency of Israel) as follows (a) any amount from licensed onshore banks; (b) any amount from its resident or non-resident entities within its group of entities; (c) any amount from its resident or non-resident direct shareholder; (d) any amount through the issuance of foreign currency debt securities to another resident; or (e) up to M\$100 million equivalent in aggregate from other non-residents (the M\$100 million equivalent is based on the aggregate borrowing of the resident entity and other resident entities within its group of entities with parent-subsidiary relationship). Items (b) and (c) above do not apply to borrowings in foreign currency by a resident entity from a non-resident financial institution or a non-resident special purpose vehicle which is set-up to obtain borrowing from any person which is not part of the resident entity's group of entities. For the purpose of the Notices, "group of entities" means a

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resident entity's: (a) ultimate holding entity; (b) parent or head office; (c) branch; (d) subsidiary where the resident entity owns more than 50% of shares in the subsidiary; (e) associate company where the resident entity owns between 10% and 50% of shares in the associate company; or (f) sister company where the resident entity and its sister company have a common shareholder.

LAWS AND REGULATIONS OF INDIA

Laws and regulation relating to foreign investment in India

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act 1999 ("**FEMA**") with the applicable regulations framed under FEMA. The Consolidated Foreign Direct Investment ("**FDI**") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), effective from 7 June 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP.

Foreign investment is permitted (except in certain prohibited sectors) in Indian companies either through the "automatic route" or the "approval route". Under the automatic route, no approval is required from the Reserve Bank of India or the Indian government for the inflow of foreign investment in Indian companies. Under the approval route, prior approval of the Indian government through the Foreign Investment Promotion Board ("**FIPB**") is required.

As per the FDI Policy, prior approval of the FIPB is not required for the inflow of foreign equity investment in Anacle India, i.e. 100% FDI is allowed under the automatic route in Anacle India.

Laws and regulations relating to import and export

Importer Exporter Code

Pursuant to the requirements of the Foreign Trade (Development and Regulation) Act 1992 ("**Foreign Trade Act**"), no person is permitted to import or export except under an importer-exporter code ("**IEC Code**") number granted by the Director General of Foreign Trade ("**DGFT**"). In the event of any contravention of any applicable laws specified under the Foreign Trade Act by any entity, the IEC Code issued to such entity may be suspended or cancelled and such entity shall not be entitled to import or export any goods except under a special licence. Anacle India has been issued an IEC Code by the DGFT and exports its services under this code.

Customs Duty

The Customs Act 1962 ("**Customs Act**") seeks to prevent and control illegal imports and exports of goods. The Customs Act defines "goods" to include any kind of movable property. The Customs Tariff Act 1975 imposes duties on goods import into or exported out of India and specifies the rates at which such duty is imposed. As Anacle India is engaged in export of goods to our Company, it is required to pay the applicable customs duty on the value of such export.

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Other laws

The Bombay Shops and Establishment Act 1948

The Bombay Shops and Establishment Act 1948 ("**Shops and Establishment Act**") is applicable to entities resident in the state of Maharashtra. It provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments and prescribes obligations with respect to opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures, wages for overtime work, etc. The registered office of Anacle India is located in Maharashtra and consequently, it is required to comply with the Shops and Establishment Act.

Payment of Gratuity Act 1972

The Payment of Gratuity Act 1972 ("**Gratuity Act**") establishes a scheme for the payment of gratuity to employees engaged in establishments that employs 10 or more persons. The Gratuity Act requires gratuity to be payable to an employee, after he has rendered continuous service for a period not less than five years, on (a) his superannuation; (b) his retirement or resignation; or (c) his death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply). As Anacle India employs more than 10 employees, the Gratuity Act is applicable.

LEGAL ADVICE RECOMMENDED

Our Singapore Legal Advisers, Tay & Partners (our Malaysia legal advisers) and Khaitan & Co (our India legal advisers) have each sent to our Company a letter of advice summarising certain aspects of laws and regulations in Singapore, Malaysia and India, respectively. These letters are available for inspection as referred to in "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus. Any person wishing to have a detailed summary of Singapore, Malaysia or India laws and regulations or their application on our Group is recommended to seek independent legal advice.

TAXATION

The following summarises certain tax implications in Singapore, Hong Kong, Malaysia and India that may be relevant to and material to our Company and the ownership, acquisition and disposal of our Shares and was prepared based on the laws, regulations, rulings and decision in effect as at the Latest Practicable Date, all of which are subject to change (possibly with retrospective effects). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of our Shares and does not purport to apply all categories of potential investors, some of whom may be subject to special rules or the tax regimes of jurisdictions other than Singapore and Hong Kong. Potential investors should consult their own tax advisers concerning the application of Singapore and Hong Kong tax laws to their particular situation as well as any consequences of the acquisition, ownership and disposal of our Shares under the laws of any other taxing jurisdiction.

The discussion below is merely an outline of the implication of the relevant tax laws. Our Company is a tax resident in Singapore as the control and management of our Company's business is exercised in Singapore.

Income Tax

Singapore

(a) Corporate income tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met, including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever named called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is currently 17%. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for full exemption on their normal chargeable income of up to S\$100,000 a year for each of their first three years of assessment.

(b) Individual income tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

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A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 22% with effect from the year of assessment 2017. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22% with effect from the year of assessment 2017.

Hong Kong

(a) *Corporate income tax*

Our Company has no presence in Hong Kong and is not subject to Hong Kong profits tax.

Dividend Distribution

Hong Kong

No tax is payable in Hong Kong in respect of dividends paid by our Company.

Singapore

All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

Malaysia

Malaysia adopts one-tier system thus tax on corporate profits is final and dividends distributed by Anacle Malaysia to our Company are tax exempt in Malaysia.

Dividends, if any, distributed by Anacle Malaysia to our Company are not subject to Malaysia withholding tax.

India

Dividends, if any, distributed by Anacle India to our Company are subject to a dividend distribution tax at the rate of 20.36%.

Capital Gain Tax

Hong Kong

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading

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purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Singapore

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the Comptroller regards as the carrying on of a trade or business in Singapore. Subject to certain exception, the gains derived from the disposal of ordinary shares in an investee company during the period 1 June 2012 to 31 May 2022 (both dates inclusive) are not taxable if immediately prior to the date of the share disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

Holders of the Shares who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (“**FRS 39**”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of Shares is made.

Estate Duty

Hong Kong

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

Singapore

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Stamp Duty

Hong Kong

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Shares.

Singapore

There is no stamp duty payable on the subscription for the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

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Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of the Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore. CCASS Beneficial Owners are not subject to Singapore stamp duty because no instrument of transfer is executed or received in Singapore.

Upon Listing, Shareholders are not liable to Singapore stamp duty if the relevant instrument of transfer is not executed in Singapore and is lodged with our Hong Kong Share Registrar.

Goods and services tax ("GST")

Singapore

The sale of the Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply for GST purposes. Any input GST incurred by the GST-registered investor in making this exempt supply is not recoverable from the Singapore Comptroller of GST.

Where the Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

Malaysia

GST was implemented in Malaysia with effective from 1 April 2015. Taxable persons with annual taxable turnover exceeding RM 500,000 are required to be registered for GST. GST shall be charged and levied on any supply of goods or services made in Malaysia, including anything treated as a supply under the GST Act and any importation of goods into Malaysia.

The supply of goods or services would prima facie be subject to GST at standard rate of 6% unless the services can qualify for zero-rating (0% GST) under the Goods and Services Tax (Zero Rated) Order 2014 or are exempted from tax pursuant to Goods and Services Tax (Exempt Supplies) Order ("**GST Exempt Supply Order**").

The issue, sales or transfer of ownership of shares are exempt supplies pursuant to the GST Exempt Supply Order. Any GST incurred in making exempt supplies is not recoverable.

LAWS AND REGULATIONS

Fees payable on services such as brokerage, handling and clearing services are generally subject to GST at standard rate of 6%. Any input tax incurred by a GST registered person may be claimed against output tax except for any input tax disallowed under GST Act 2014.

Productivity and Innovation Credit Scheme

Singapore

The Productivity and Innovation Credit (PIC) Scheme (effective from the years of assessment 2011 to 2018) allows, amongst others, companies with active business operations in Singapore to claim PIC tax benefits on qualifying expenditure incurred (subject to prescribed caps) for the following six qualifying activities:

- i. Acquisition or leasing of PIC Information Technology (IT) and Automation Equipment;
- ii. Training of employees;
- iii. Research and development;
- iv. Registering of patents, trademarks, designs and plant varieties;
- v. Acquisition and in-licensing of Intellectual Property Rights; and
- vi. Designs projects approved by Design Singapore Council.

The PIC tax benefits are (i) enhanced tax deductions/allowances; or (ii) cash payout on the qualifying expenditure incurred. For the cash payout option, businesses must meet minimum three local employees requirement.

From the years of assessment 2015 to 2018, under the PIC+ Scheme, qualifying small and medium enterprises (as defined) can enjoy higher prescribed caps in relation to the enhanced tax deductions/allowances.

Tax Treaties between Singapore and Hong Kong

There is no comprehensive double tax treaty entered into between Singapore and Hong Kong.

Relief from Taxation

Recipients of dividends or other Singapore income who are residents in countries having tax treaties with Singapore are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with such treaties (or under domestic legislation) if such income is taxed in their respective countries.

Effect of holding Shares through CCASS or outside CCASS on tax payable

The holding of the Shares through CCASS or outside CCASS do not give rise to any additional Singapore income tax implications.

LAWS AND REGULATIONS

Tax Report Obligations

There is no tax report obligations under Singapore laws in respect of the acquisition, ownership and disposal of Shares for Shareholders and potential investors whose tax residence is Hong Kong.

Tax Advice Recommended

Our Tax Advisers have sent to our Company a letter of advice summarising certain aspects of tax laws and regulations in Singapore and Malaysia. Khaitan & Co, our India legal advisers, have also sent to our Company a letter of advice summarising certain aspects of tax laws and regulations in India. These letters are available for inspection as referred to in “Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in this prospectus. Any person wishing to have a detailed summary of Singapore, Hong Kong, Malaysia or India tax laws and regulations or their application on our Group or him/her is recommended to seek independent tax advice.

HISTORY AND DEVELOPMENT

HISTORY AND BUSINESS DEVELOPMENT

Origin and Founders

Established in 2006 and based in Singapore, we provide enterprise application software and energy management system to a strong and diversified customer and end-user base across Singapore, Malaysia, Taiwan and other Asian countries. We trace our origins to February 2006 when our Founders, Mr. Lau and Mr. Ong, incorporated our Company in Singapore, captivating the thriving growth of the IT sector and real estate market with the emergence of REITs (which have been and remain as one of our key customer and end-user base) in Singapore at that time. Prior to founding our Company, Mr. Lau and Mr. Ong have spent over two years working together in another provider of enterprise application software in Singapore and are close business and personal acquaintances. With their extensive experience in designing, developing and implementing enterprise application software with a particular focus on the real estate markets, our Founders have since, together with our team of experienced senior management, stewarded our Group to becoming the second largest provider of commercial property management software in Singapore in 2015 in terms of revenue and the third largest provider of building energy management system in the retrofit market in Singapore in 2015 in terms of revenue, according to the Frost & Sullivan Report. See “Directors and Senior Management” for the biographical details and industry experiences of our Founders.

During the early stage of our operational history, our primary business focus was **Simplicity**, an enterprise application software assisting our customers to manage their assets, tenancy agreements, resources and ancillary services electronically. Since 2011, leveraging on our understanding and knowledge of our customers who are mainly commercial property owners, we have combined our expertise in software application with hardware products and began to offer **Starlight**, a one-stop cloud-based energy management system which maintains and monitors our customers’ power usage with an aim to achieving energy-saving. See “Business — Products” for the key features of our products. Since handing our first software product to our customers in 2006, we have stood by our corporate motto of “*We Ignite Ideas*”, placing primary focus on innovation that caters to our customers’ needs and preferences. This has allowed us to adapt to changing industry trends and customer preferences throughout our operating history and continually develop, improve and strengthen our product offerings. Set out below are our key achievements and business milestones during our over ten years of steady and continual growth:

Business milestones

2006 – 2008

Beginning and early development

In September 2006, our Founders secured our first round of equity funding with the introduction of our Series A Investors, who are business and personal acquaintances of our Founders and subscribed for our Preference Shares. With these initial start-up capital, we offered our first edition of **Simplicity** software to our customers. See “— Our Pre-IPO Investments” below for the details of the Series A Pre-IPO Investment. Our first significant enterprise application software project was the implementation of our **Simplicity** product to maintain the equipment and facilities for a major water treatment plant in Singapore.

HISTORY AND DEVELOPMENT

Expansion of our management profile

To enhance our research and development offerings and marketing capabilities, we have made several lateral hirings within the Singapore IT sector in and around September 2006, who (or their respective spouses as nominees) have subsequently become our Management Shareholders. These key executives include Mr. HO Hai Aik, who remains as our senior management as at the date of this prospectus and forms an integral part of our success and development. See “Directors and Senior Management” for his biographical details and industry experiences.

Continual success and overseas venture

Over the course of 2007, we experienced continual success with our **Simplicity** products, landing key customers and securing works with a number of major construction and development projects in Singapore. These include our services provided to a sizable residential project in Sentosa, Singapore (April 2007), and E M Services Pte. Ltd., a township management company in Singapore (June 2007).

Our breakthrough in international customer and end-user base came in March 2008 when we were selected to provide property management software to Taipei 101, the world’s tallest commercial office building at the time. Our Taiwan venture represented our first overseas customer. We have since maintained our relationship with the building, providing various property and asset management software to-date.

2008 – 2010

Series B Pre-IPO Investment

We obtained our next round of equity funding in two separate tranches in September 2007 and January 2008 from two Series B Investors, BAF Spectrum Pte. Ltd. (a Singapore venture capital fund focusing on Asia-based technology start-ups) and Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd., an investment fund owned by the Singapore Government which focuses on investing in start-up enterprises in Singapore). Details of the Series B Pre-IPO Investment are set out in “— Our Pre-IPO Investments” below.

HISTORY AND DEVELOPMENT

Implementation of our channel partner network

The year of 2008 was an important milestone for our sales and marketing efforts as we began to develop a channel partner network which assists us to extend our product reach, expand customer and end-user base and obtain supports in implementing our software products to end-users. In line with industry norm, we sell our software products to channel partners who in turn provide delivery, implementation, installation, maintenance and support services to the end-users across different sectors. We began our relationship with our first channel partner, ENGIE Services Singapore Pte. Ltd. (formerly known as Keppel FMO Pte Ltd.), a Singapore-based facilities management service provider and a subsidiary of a listed conglomerate on Euronext Paris and Euronext Brussels, in March 2008.

Further expansion in customer and end-user base

The years of 2008 to 2010 have seen the continual and rapid expansion of our customer and end-user base in Singapore and beyond, the more significant ones amongst which include Singapore Airlines Limited, the Singapore flag carrier which we have provided software application for the management of their corporate real estate holdings and assets since January 2010. Our first major commercial real estate customer was landed in November 2010 when we were selected to provide facility management software to CapitaLand Limited, a real estate company headquartered and listed in Singapore. CapitaLand Limited's diversified global real estate portfolio includes integrated developments, shopping malls, serviced residences, offices and homes in Asia.

Series C Pre-IPO Investment

Along with our continual business expansion and size of operations, we have raised additional funds in the form of the Series C Pre-IPO Investment, which was completed in March 2010. Our Series C Investors are iGlobe, which is a venture capital fund headquartered in Singapore, and Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.), who made a second round of investment into our Company. See "— Our Pre-IPO Investments" for further details of the Series C Pre-IPO Investment.

HISTORY AND DEVELOPMENT

2011 – 2013

Launch of *Starlight* and strategic partnership with NEC Asia Pacific

In June 2011, we began to design, manufacture and sell hardware products that run together with our proprietary software application in **Starlight**, an integrated energy management system. The launch of **Starlight** allowed us to diversify our income and expand our customer and end-user base. In an effort to strengthen our sales and marketing reach for **Starlight**, we entered into strategic partnership with NEC Asia Pacific Pte. Ltd. ("**NEC Asia Pacific**"), a subsidiary of NEC Corporation which is listed on The Tokyo Stock Exchange. With this strategic partnership, we are able to take advantage of NEC Asia Pacific's extensive customer base and maintenance and support capabilities which ultimately support the growth and development of our **Starlight** products. Our relationship with NEC Asia Pacific are important to our overall business operations and development. During the Track Record Period, NEC Asia Pacific was our largest customer.

Our Malaysian branch

In October 2012, with the incorporation of Anacle Malaysia, we established a Malaysian office near Kuala Lumpur which oversees the subcontracted manufacturing process of our **Starlight** hardware components. Our Malaysian branch is important to us because it reduces the manufacturing costs of our hardware products, thus improving our profit margins. Our Malaysian office also supports our sales and marketing in Malaysia and its neighbouring countries.

Series D Pre-IPO Investment

In December 2013, we raised additional capital to develop, launch and improve our **Starlight** products by introducing our Series D Investors, which are three venture capital funds based in Singapore that focus on start-up enterprises in the IT sector, and two of their senior executives who invested in their personal capacities. Totalling approximately S\$4.96 million, the Series D Pre-IPO Investment saw a second round of investment from iGlobe and was our largest capital raising activity to-date. See "— Our Pre-IPO Investments" for further details of our Series D Pre-IPO Investment. As part of the Series D Pre-IPO Investment, our Company also issued warrants to iGlobe entitling it to subscribe for additional Series D Preference Shares. All such warrants had been exercised as at 6 June 2016. See "— Our Warrants" below for further details.

HISTORY AND DEVELOPMENT

2014 – 2016

Our Indian branch

Incorporated in June 2014, Anacle India has an office in Pune, India which is principally responsible for the design and development of our hardware products, product testings and certification.

Bridging loan arrangement

In August 2015, in an effort to secure additional working capital, our Company sought a short-term loan from certain Pre-IPO Investors in the amount of S\$1 million which had a maturity period of six months. In consideration for the advance of bridging loan, we issued additional warrants to the lending Pre-IPO Investors which can be exercised until August 2020. These warrants had been irrevocably cancelled on 4 October 2016. See “— Our Warrants — Second tranche of Warrants” below for further details. The bridging loan was repaid in full (with accrued interest) in March 2016.

Development of ancillary software products and refinement of our hardware components

While we maintain our primary business focus on **Simplicity** and **Starlight**, both of which generated a majority of our income during the Track Record Period, we have commenced the development of two ancillary software products, namely **SpaceMonster** and **myBill.Sg**. **SpaceMonster**, which we launched on a trial basis in June 2015, is a one-stop online venue booking portal which allows users to hire short-term venues such as conference and leisure facilities. **myBill.Sg**, an integrated online portal that centralises utility bill payments in Singapore, is currently under development and is expected to be launched in mid-2018 in line with the proposed liberalisation of the energy sector in Singapore. We expect that these two ancillary products will allow us to generate additional revenue and working capital and contribute to our continual growth after the Listing.

Starting from October 2015, we began to design and develop **Tesseract**, a refined and upgraded hardware component that integrates with our **Starlight** energy management system. We expect **Tesseract** to be popular among larger facility owners who are looking for advanced energy and power quality monitoring and management system.

For the financial year ended 31 May 2016, our revenue improved by approximately 51.4% over the last financial year. Under the leadership of our Founders, Directors and members of our senior management, we have evolved from a small-scale IT start-up in Singapore that focuses on real estate market customers and end-users to a leading enterprise application software and energy management system provider with a wide and diversified customer and end-user base across numerous industries in Singapore, Malaysia, Taiwan and other Asian countries.

HISTORY AND DEVELOPMENT

OUR SHAREHOLDERS

Our Company was incorporated on 21 February 2006 and serves as the holding company and also the primary operating company of our Group. Our Founders were our initial Shareholders. To fulfil our operational and expansion needs, our Company has secured a series of equity capital fund-raising throughout our operational and business history, which have resulted in changes in our Shareholder composition.

As at the date of this prospectus, our Shareholders comprise (1) our Founders, who are our executive Directors; (2) our Management Shareholders, who are the current/former members of our management and staff and/or their respective spouses as nominees; and (3) our Pre-IPO Investors, who invested in our Group in the Pre-IPO Investments and are business and personal acquaintances of our Founders, venture capital funds in Singapore and their senior executives who invested in our Company in their personal capacities.

Set out below are our Shareholders as at the date of this prospectus together with their respective shareholding percentages and backgrounds:

Name of Shareholder	No. of Shares⁽¹²⁾ held and class	Approximate shareholding percentage⁽¹⁾	Connected Person	Background
Founders				
LAU E Choon Alex	45,500,000 (Ordinary)	15.21%	Yes ⁽²⁾	Executive Director and Chief Executive Officer of our Group
ONG Swee Heng	22,750,000 (Ordinary)	7.60%	Yes ⁽³⁾	Executive Director and Chief Operating Officer of our Group
Management Shareholders				
LIM Siang Ngin	5,687,500 (Ordinary)	1.90%	Yes ⁽⁴⁾	Spouse of Mr. CHOW Kim Foong, a former staff member
HO Hai Aik	5,687,500 (Ordinary)	1.90%	Yes ⁽⁴⁾	A member of our senior management
NG Ying Ling	5,687,500 (Ordinary)	1.90%	Yes ⁽⁴⁾	A staff member
CHEW Chung Hon	5,687,500 (Ordinary)	1.90%	Yes ⁽⁴⁾	A former staff member

HISTORY AND DEVELOPMENT

Name of Shareholder	No. of Shares ⁽¹²⁾ held and class	Approximate shareholding percentage ⁽¹⁾	Connected Person	Background
Series A Investors				
James TAY Chin Kwang	9,100,000 (Series A Preference) ⁽¹¹⁾	3.04%	Yes ⁽⁴⁾	Mr. Tay is an individual investor investing in his personal capacity. He is a business acquaintance of our Founders
Arnold TAN Kim Hong	9,100,000 (Series A Preference) ⁽¹¹⁾	3.04%	Yes ⁽⁴⁾	Mr. Tan is an individual investor investing in his personal capacity. He is a personal acquaintance of Mr. Lau.
NG Sah Keong	6,370,000 (Series A Preference) ⁽¹¹⁾	2.13%	Yes ⁽⁵⁾	Mr. Ng is an individual investor investing in his personal capacity. He is the brother-in-law of Mr. Lau.
SEOW Ho Yien	2,730,000 (Series A Preference) ⁽¹¹⁾	0.91%	Yes ⁽⁴⁾	Ms. Seow is an individual investor investing in her personal capacity. She is a business acquaintance of our Founders.
Series B Investor				
BAF Spectrum Pte. Ltd.	39,565,162 (Series B Preference) ⁽¹¹⁾	13.23%	Yes ⁽⁶⁾	BAF Spectrum Pte. Ltd., established in 2006, is a venture capital fund based in Singapore which focuses on Asia-based, early stage technology start-ups. As at 31 March 2015, it had an investment portfolio of ten technology companies in Asia with an investment amount over S\$2 million. BAF Spectrum Pte. Ltd. is beneficially owned by WONG Poh Kam, Shah SANJEEV KUMAR, CHOW Yen Lu Yale, TAN Hong Huat, Hellmut SCHUTTE, William KLIPPGEN, CHUA Seng Kiat and five other second-tier investors. Except for BAF Spectrum Pte. Ltd.'s interests in our Company and Prof. WONG Poh Kam's directorship in our Company, each of these beneficial owners is independent of our Company and our connected persons.

HISTORY AND DEVELOPMENT

Name of Shareholder	No. of Shares ⁽¹²⁾ held and class	Approximate shareholding percentage ⁽¹⁾	Connected Person	Background
Series C & D Investors				
iGlobe	65,776,893 (Series C Preference) ⁽¹¹⁾ 16,549,442 (Series D Preference) ⁽¹¹⁾	27.52%	Yes ⁽⁷⁾	<p>iGlobe, established in 2008, is a venture capital fund based in Singapore. It has a focus on investing in technology companies in Asia, the Americas and Europe. As at 1 July 2016, its investment profile comprised a total of seven companies, with an investment amount over S\$20 million. iGlobe is beneficially owned by Asia Core Properties Inc. Pte. Ltd., LEE Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard HAUG, Harry Harmain DIAH, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd. Kepventure Pte. Ltd., Khattar Holdings Private Limited, LIU Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., QUEK Soo Hoon, TAY Thiam Song and WONG Mee Chun. iGlobe is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe SARRAUT, HU Xiao Bao, LEE Suan Hiang, QUEK Soo Hoon, QUEK Soo Boon, Annie KOH, YONG Woon Sui, KOH Hiang Chin Melanie, Philip YEO Liat Kok, Prof. WONG Poh Kam, NG Kah Joo and Kitade KOICHIRO. iGlobe is managed by iGlobe Partners (II) Pte. Ltd., which is in turn beneficially owned by KOH Kuek Chiang and QUEK Soo Boon. Except for (i) iGlobe's interests in our Company; (ii) Ms. QUEK Soo Boon's former directorship in our Company; (iii) Prof. WONG Poh Kam's directorship and indirect interests in our Company; (iv) Mr. LEE Suan Hiang's directorship and indirect interests in our Company; and (v) Ms. QUEK Soo Hoon's sibling relationship with Ms. QUEK Soo Boon, each of these beneficial owners is independent of our Company and our connected persons.</p>

HISTORY AND DEVELOPMENT

Name of Shareholder	No. of Shares ⁽¹²⁾ held and class	Approximate shareholding percentage ⁽¹⁾	Connected Person	Background
Majuven Fund 1 Ltd.	36,528,219 (Series D Preference) ⁽¹¹⁾	12.21%	Yes ⁽⁸⁾	<p>Majuven Fund 1 Ltd., established in 2011, is a venture capital fund based in Singapore and focuses on high growth science and technology intensive Asian private businesses in biomedical sciences, digital convergence and sustainable technologies. As at 1 July 2016, its investment profile comprised a total of 13 companies, with an investment amount over S\$23 million. Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., KOH Boon Hwee, LUI Pao Chuen, CHUA Sock Koong, PHUAY Yong Hen, LEE Hsien Yang, LIM Ho Kee, LEE Ching Yen Stephen, CHOW Helen, CHAN Wing To, LOW Teck Seng, YOH Chie Lu, Chaly Mah Chee KHEONG, LOO Yen Lay Madeleine, Sri Widati ERBAWAN PUTRI, and Majuven Fund 1 LP. Majuven Fund 1 Ltd. is managed by Majuven Pte. Ltd., which is in turn beneficially owned by LIM Ho Kee, LOW Teck Seng, YOH Chie Lu, LEE Hsien Yang and LEE Suet Fern. Except for Majuven Fund 1 Ltd.'s interests in our Company and Mr. LIM Ho Kee's former directorship and current interests in our Company, each of these beneficial owners is independent of our Company and our connected persons.</p>

HISTORY AND DEVELOPMENT

Name of Shareholder	No. of Shares ⁽¹²⁾ held and class	Approximate shareholding percentage ⁽¹⁾	Connected Person	Background
OWW Investments III Limited	20,873,307 (Series D Preference)	6.98%	No ⁽¹⁰⁾	OWW Investments III Limited, established in 1991, is a venture capital fund based in Singapore that invests in service providers in technology, logistics, education, healthcare, financial services and consumer services sectors. As at 1 July 2016, its investment profile comprised a total of 12 companies, with an investment amount over S\$76.9 million. OWW Investments III Limited is beneficially owned by WANG Zaian, LI Mingding, ZHAO Yang, LI Wenli, PAN Chengjie, HE Li, TAO Feng, YING Jiong, SU Jinhua, ZANG Yi, YU Hai, PANG Hongmei, LI Shengfa, LI Weiwei, XIAN Youwei, LI Ting, HONG Liping, CHEN Guilin, GAO Junsong, ZHANG Aijun, WU Jinxiang, SHEN Jinlong, XIAO Bin, YU Rong, WANG Ruihong, WEI Dong, SHI Yuanfeng, TAN Bien Chuan, KAI Wan Chung, YE Yongqing, XU Yongrui, YANG Qi, LIANG Chengan, QIN Lei, GU Weiping, JIA Bin, CHEN Kunsheng, HUANG Haidi, SUN Yuxing, WAN Shilong, HUANG Renzhu, Anil KANAYALAL THAWANI, XU Jiantang, DENG Bingxin, MAO Shizhang, QIAN Jun, YU Zhong, LIU Yang, WU Wei, ZONG Haixiao, DENG Kunlai, SUN Jian, ZHAO Shangyang, WU Xiaoxia and LI Xiaorong. OWW Investments III Limited is managed by OWW Capital Partners Pte. Ltd., which is in turn beneficially owned by TAN Bien Chuan, TAN Poh Choo and Walden Pacific Inc. Except for OWW Investments III Limited's interests in our Company, each of these beneficial owners is independent of our Company and our connected persons.

HISTORY AND DEVELOPMENT

Name of Shareholder	No. of Shares ⁽¹²⁾ held and class	Approximate shareholding percentage ⁽¹⁾	Connected Person	Background
LEE Ching Yen Stephen	1,043,679 (Series D Preference)	0.35%	No ⁽¹⁰⁾	Mr. Lee is the chairman and a director of Singapore Airlines Limited and SIA Engineering Company Limited and a director of CapitaLand Limited, all of which are customers of our Group. He is also a beneficial owner of Majuven Fund 1 Ltd., a Series D Investor. Mr. Lee invested in our Company in his personal capacity aside from and in addition to his company's investment.
LIM Ho Kee	521,794 (Series D Preference)	0.17%	Yes ⁽⁹⁾	Mr. Lim is a beneficial owner and the managing partner of Majuven Fund 1 Ltd., a Series D Investor. He invested in our Company in his personal capacity aside from and in addition to his company's investment.
Total:	91,000,000 (Ordinary)	100.0		
	208,158,496 (Preference)			

Notes:

- (1) Shareholding percentages are approximate and are subject to rounding.
- (2) Mr. Lau is a core connected person and a connected person of our Company under the GEM Listing Rules by virtue of his substantial shareholding and directorship in our Company, Anacle Malaysia and Anacle India.
- (3) Mr. Ong is a core connected person and a connected person of our Company under the GEM Listing Rules by virtue of his directorship in our Company and Anacle Malaysia.
- (4) These Shareholders are our Controlling Shareholders and hence connected persons of our Company under the GEM Listing Rules by virtue of their controlling shareholdings in our Company and the Deed of AIC Confirmation. See "Relationship with our Controlling Shareholders — Controlling Shareholders Acting in Concert" for further details. Aside from their controlling interests in our Company and the Deed of AIC Confirmation, these Shareholders have confirmed that they are independent of our Company and our connected persons.
- (5) Mr. NG Sah Keong is a deemed connected person of our Company by virtue of being a "relative" of Mr. Lau under Rule 20.19(1)(a) of the GEM Listing Rules. He is also a Controlling Shareholder by virtue of the Deed of AIC Confirmation. See "Relationship with our Controlling Shareholders — Controlling Shareholders Acting in Concert" for further details. Aside from his family relationship with Mr. Lau, his controlling interests in our Company and the Deed of AIC Confirmation, Mr. Ng has confirmed that he is independent of our Company and our connected persons.
- (6) BAF Spectrum Pte. Ltd. is a core connected person and a connected person of our Company under the GEM Listing Rules by virtue of its substantial shareholding and controlling shareholding in our Company.

HISTORY AND DEVELOPMENT

Aside from its controlling interests in our Company and Prof. WONG Poh Kam's directorship in our Company, BAF Spectrum Pte. Ltd. and its beneficial owners have confirmed that they are independent of our Company and our connected persons.

- (7) iGlobe is a core connected person and a connected person of our Company under the GEM Listing Rules by virtue of its substantial shareholding in our Company. Ms. QUEK Soo Boon, a former Director of our Company within 12 months of this prospectus, is also a director and a beneficial owner of iGlobe. Aside from (i) its ownership in our Company; (ii) Ms. QUEK's former ownership in our Company; (iii) Prof. WONG Poh Kam's directorship and indirect interests in our Company; (iv) Mr. LEE Suan Hiang's directorship and indirect interests in our Company; and (v) Ms. QUEK Soo Hoon's sibling relationship with Ms. QUEK Soo Boon, iGlobe and its beneficial owners have confirmed that they are independent of our Company and our connected persons.
- (8) Majuven Fund 1 Ltd. is a core connected person and a connected person of our Company under the GEM Listing Rules because Mr. LIM Ho Kee, a former Director of our Company within 12 months of this prospectus, is one of its directors and beneficial owners. Aside from Majuven Fund 1 Ltd.'s shareholding interests in our Company and Mr. Lim's former directorship and current interests in our Company, Majuven Fund 1 Ltd. and its beneficial owners have confirmed that they are independent of our Company and our connected persons.
- (9) Mr. LIM Ho Kee is a core connected person and a connected person of our Company under the GEM Listing Rules by virtue of his former directorship of our Company which took place within 12 months of this prospectus. Aside from his shareholding interests and former directorship in our Company and his shareholding interests and directorship in Majuven Fund 1 Ltd., a Series D Investor, Mr. Lim has confirmed that he is independent of our Company and our connected persons.
- (10) These Shareholders are not core connected persons/connected persons of our Company under the GEM Listing Rules. Aside from their respective shareholding interests in our Company, these Shareholders have confirmed that they and their respective beneficial owners (where applicable) are independent of our Company and our connected persons. The shareholding interests of these Shareholders will be counted towards our public float upon Listing for the purpose of Rule 11.23(9) of the GEM Listing Rules.
- (11) All Preference Shares will be automatically and mandatorily converted into Ordinary Shares on the Listing Date as part of our Shareholding Restructuring. See "— Our Shareholding Restructuring" below for further details.
- (12) Each Ordinary Share and Preference Share were sub-divided into 91 Shares on 24 November 2016.

The shareholding percentage of our existing Shareholders will be diluted by the 100,000,000 newly issued Placing Shares, representing approximately 25.05% of our total number of issued Shares immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and the Post-IPO Share Options), offered under the Placing. See "— Corporate Structure" below for the shareholding and corporate structure of our Group immediately upon completion of the Placing.

Controlling Shareholders

Immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and the Post-IPO Share Options), our Founders, Management Shareholders, Series A Investors and Series B Investor, who are persons acting in concert by virtue of the Deed of AIC Confirmation, will together control approximately 39.55% of the voting rights in our Company and hence are our Controlling Shareholders. See "Relationship with our Controlling Shareholders" for further details on the Deed of AIC Confirmation and our independence of our Controlling Shareholders.

HISTORY AND DEVELOPMENT

Convertible securities

In addition to our issued Shares, our share capital also include the Pre-IPO Share Options. See “Appendix IV — Statutory and General Information — F. Pre-IPO ESOPs” in this prospectus for further details.

CORPORATE STRUCTURE AND DEVELOPMENT

As at the Latest Practicable Date, our Group comprised our Company and two directly wholly-owned subsidiaries. Our Company is the holding company and the primary operating company, with Anacle Malaysia and Anacle India carrying out other ancillary functions. Set out below are the details and information of our Group companies and their respective corporate development history:

Our Company

Our Company was incorporated on 21 February 2006 under the laws of Singapore with limited liability. Upon incorporation, our Company had two issued Ordinary Shares, which were issued and allotted, credited as fully-paid, to our Founders. The primary business activities of our Company are (i) design, development and implementation of our **Simplicity** enterprise application software and our **Starlight** energy management system; (ii) provision of support and maintenance services; (iii) sales and marketing; and (iv) general administration of our Group.

Throughout our operational and business history, our Company has witnessed numerous changes to our share capital (including issue of new Shares and transfer of existing Shares), a summary of which is set out in the table below:

Date of allotment/ transfer	Nature	No. of Shares and class	Consideration paid and basis of calculation	Remarks
21/2/2006	Issue of new Share to Mr. Lau	1 (Ordinary)	S\$1 calculated based on a nominal amount	<ul style="list-style-type: none">Continue to be held by Mr. Lau
21/2/2006	Issue of new Share to Mr. Ong	1 (Ordinary)	S\$1 calculated based on a nominal amount	<ul style="list-style-type: none">Continue to be held by Mr. Ong
1/8/2006	Issue of new Shares to Mr. Lau	799,999 (Ordinary)	S\$7,999 calculated based on a nominal amount	<ul style="list-style-type: none">50,000 Shares of which were transferred to Mr. Ong on 15 November 2007 as an agreed understanding and arrangement between our Founders250,000 Shares of which were transferred to our Management Shareholders as part of their employment incentive package

HISTORY AND DEVELOPMENT

Date of allotment/ transfer	Nature	No. of Shares and class	Consideration paid and basis of calculation	Remarks
1/8/2006	Issue of new Shares to Mr. Ong	199,999 (Ordinary)	S\$1,999 calculated based on a nominal amount	<ul style="list-style-type: none"> Continue to be held by Mr. Ong
27/9/2006	Issue of Series A Preference Shares to the Series A Investors	300,000 (Series A Preference)	S\$300,000 calculated based on the terms of the Series A Pre-IPO Investment	<ul style="list-style-type: none"> 200,000 Shares and 100,000 Shares, respectively, were initially issued to Mr. Arnold TAN Kim Hong and Mr. James TAY Chin Kwang. 30,000 Shares of which were transferred from Mr. Arnold TAN Kim Hong to Ms. SEOW Ho Yien on 15 November 2007 as part of the Series A Pre-IPO Investment 70,000 Shares of which were transferred from Mr. Arnold TAN Kim Hong to Mr. NG Sah Keong on 15 November 2007 as part of the Series A Pre-IPO Investment See “— Pre-IPO Investments” below
10/9/2007	Issue of the first tranche of Series B Preference Shares to the Series B Investors	217,392 (Series B Preference)	S\$250,000.80 calculated based on the terms of the Series B Pre-IPO Investment	<ul style="list-style-type: none"> 108,696 Shares of which were transferred from Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte Ltd.) to BAF Spectrum Pte. Ltd. on 31 March 2012. Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government that runs a state enterprise development scheme and the transfer was made based on the scheme rules and policies, as well as the agreed arrangements between our Series B Investors. See “— Pre-IPO Investments” below
15/11/2007	Transfer of existing Ordinary Shares from Mr. Lau to Mr. Ong	50,000 (Ordinary)	S\$500 calculated based on a nominal amount	<ul style="list-style-type: none"> Transferred as an agreed understanding and arrangement between our Founders

HISTORY AND DEVELOPMENT

Date of allotment/ transfer	Nature	No. of Shares and class	Consideration paid and basis of calculation	Remarks
15/11/2007	Transfer of existing Ordinary Shares to our Management Shareholders	250,000 (Ordinary)	S\$2,500 calculated based on a nominal amount	<ul style="list-style-type: none"> • Transferred as part of the employment incentive package of our Management Shareholders • 62,500 Shares of which were initially issued to Mr. CHOW Kim Foong, a former staff member. These Shares were subsequently transferred to his spouse on 7 May 2015 as spousal arrangement
15/11/2007	Transfer of existing Series A Preference Shares from Mr. Arnold TAN Kim Hong to Ms. SEOW Ho Yien	30,000 (Series A Preference)	S\$30,000 calculated based on the arm's length negotiation between these Series A Investors with reference to our latest available financial results	<ul style="list-style-type: none"> • Transferred as part of the Series A Pre-IPO Investment • See "— Pre-IPO Investments" below
15/11/2007	Transfer of existing Series A Preference Shares from Mr. Arnold TAN Kim Hong to Mr. NG Sah Keong	70,000 (Series A Preference)	S\$70,000 calculated based on the arm's length negotiation between these Series A Investors with reference to our latest available financial results	<ul style="list-style-type: none"> • Transferred as part of the Series A Pre-IPO Investment • See "— Pre-IPO Investments" below

HISTORY AND DEVELOPMENT

Date of allotment/ transfer	Nature	No. of Shares and class	Consideration paid and basis of calculation	Remarks
21/1/2008	Issue of the second tranche of Series B Preference Shares to the Series B Investors	217,390 (Series B Preference)	S\$249,998.5 calculated based on the terms of the Series B Pre-IPO Investment	<ul style="list-style-type: none"> • 108,695 Shares of which were transferred from Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) to BAF Spectrum Pte. Ltd. on 31 March 2012. Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government that runs a state enterprise development scheme and the transfer was made based on the scheme rules and policies, as well as the agreed arrangements between our Series B Investors. • See “— Pre-IPO Investments” below
5/3/2010	Issue of the Series C Preference Shares to the Series C Investors	722,823 (Series C Preference)	S\$1,125,001.72 calculated based on the terms of the Series C Pre-IPO Investment	<ul style="list-style-type: none"> • 481,881 Shares of which were transferred from Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) to iGlobe on 13 February 2013. Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government that runs a state enterprise development scheme and the transfer was made based on the scheme rules and policies, as well as the agreed arrangements between our Series C Investors. • See “— Pre-IPO Investments” below
31/3/2012	Transfer of existing Series B Preference Shares from Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) to BAF Spectrum Pte. Ltd.	217,391 (Series B Preference)	S\$312,499.56 calculated based on the arm’s length negotiations between, and the independent valuation conducted by, our Series B Investors with reference to our latest available financial results	<ul style="list-style-type: none"> • Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government that runs a state enterprise development scheme and the transfer was made based on the scheme rules and policies, as well as the agreed arrangements between the Series B Investors. Our Directors have confirmed that there is nothing to be brought to the attention of the potential investors and the Stock Exchange in relation to this transfer. • See “— Pre-IPO Investments” below

HISTORY AND DEVELOPMENT

Date of allotment/ transfer	Nature	No. of Shares and class	Consideration paid and basis of calculation	Remarks
13/02/2013	Transfer of existing Series C Preference Shares from Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte Ltd.) To iGlobe Platinum Fund Limited	481,881 (Series C Preference)	S\$887,554.88 calculated based on the arm's length negotiations between, and the independent valuation conducted by, our Series C Investors with reference to our latest available financial results	<ul style="list-style-type: none"> Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government that runs a state enterprise development scheme and the transfer was made based on the scheme rules and policies, as well as the agreed arrangements between our Series C Investors. Our Directors have confirmed that there is nothing to be brought to the attention of the potential investors and the Stock Exchange in relation to this transfer. See "— Pre-IPO Investments" below
18/12/2013	Issue of the Series D Preference Shares to the Series D Investors	824,117 (Series D Preference)	S\$4,955,000 calculated based on the terms of the Series D Pre-IPO Investment	<ul style="list-style-type: none"> See "— Pre-IPO Investments" below
7/5/2015	Transfer of existing Ordinary Shares from Mr. CHOW Kim Foong to Ms. LIM Siang Ngin, his spouse	62,500 (Ordinary)	S\$1 calculated based on a nominal amount	<ul style="list-style-type: none"> Transferred as spousal arrangement
7/6/2016	Issue of the Series D Preference Shares to iGlobe upon exercise of the first tranche of warrants	5,734 (Series D Preference)	S\$34,997.47 calculated based on the terms of the Series D Pre-IPO Investment	<ul style="list-style-type: none"> See "— Pre-IPO Investments" and "— Our Warrants" below

There has been no change to the composition of our Shareholders and their respective shareholding number and percentage since 7 June 2016. See "— Our Shareholders" above for our shareholding composition and percentage as at the date of this prospectus, which are the results of the historical shareholding changes set out in the preceding table.

Our Directors have confirmed that, (i) by virtue of the Deed of AIC Confirmation; and (ii) given that the Series D Pre-IPO Investment (being the last round of our Pre-IPO Investments) was completed in December 2013, our Controlling Shareholders have maintained control and continuity in ownership throughout the two financial year ended 31 May 2015 and 2016 in compliance with the listing criteria set out in Rule 11.12A(2) of the GEM Listing Rules.

HISTORY AND DEVELOPMENT

Anacle Malaysia

Anacle Malaysia was incorporated on 10 October 2012 under the laws of Malaysia with limited liability as the sales and marketing arm of our Group in Malaysia. It also oversees the operations of a subcontracted manufacturing plant in Kuala Lumpur, Malaysia, which produces the hardware components of our **Starlight** energy management system. Upon incorporation, Anacle Malaysia has issued and allotted, credited as fully-paid, two subscriber shares of RM1 each to our Founders, which were subsequently transferred to our Company on 10 May 2013 at an aggregate consideration of RM2, which was a nominal amount. On 10 May 2013, 99,998 shares of RM1 each in Anacle Malaysia were further issued and allotted, credited as fully-paid, to our Company at a consideration of RM99,998, which was a nominal amount. There has been no change to the shareholding composition and percentage in Anacle Malaysia since 10 May 2013.

The authorised share capital of Anacle Malaysia has been RM100,000 divided into 100,000 shares of RM1 each since incorporation. Our Founders are the current directors of Anacle Malaysia.

Anacle India

Anacle India was incorporated on 26 June 2014 under the laws of India with limited liability. It is primarily a design and development centre and also engages in testing and certification process of our products. The authorised share capital of Anacle India is Rs.100,000 divided into 10,000 shares of Rs.10 each. On incorporation, one share and 9,999 shares, respectively, were issued and allotted, credited as fully-paid, to Mr. Jindhar CHOUGULE (a member of our senior management) and our Company. The beneficial ownership of the one share was subsequently transferred by Mr. Chougule to our Company at nil consideration on 14 August 2014. This arrangement was made in compliance with the Companies Act of 2013 of India, which requires any private limited company to have at least two shareholders. There has been no change to the shareholding composition and percentage in Anacle India since 14 August 2014.

Mr. Lau and Mr. Chougule are the current directors of Anacle India.

OUR PRE-IPO INVESTMENTS

In order to raise additional capital for future growth and development, our Company has, throughout our operating history, undergone four rounds of equity fund raising in the form of the Pre-IPO Investments. The completion dates of each of these four series of Pre-IPO Investments (with investment monies irrevocably settled) are set out below:

Series A Pre-IPO Investment:	27 September 2006
Series B Pre-IPO Investment:	19 March 2008
Series C Pre-IPO Investment:	11 March 2010
Series D Pre-IPO Investment:	18 December 2013

The Pre-IPO Investors are (i) business and personal acquaintances of our Founders; (ii) venture capital funds in Singapore; and (iii) the senior executives of these funds who invested in our Company in their personal capacities.

HISTORY AND DEVELOPMENT

Series A Pre-IPO Investment

On 26 September 2006, our Company and our Founders entered into the Series A Investment Agreement with Mr. Arnold TAN Kim Hong and Mr. James TAY Chin Kwang, two of our Series A Investors, pursuant to which they agreed to subscribe for a total of 300,000 Series A Preference Shares, representing approximately 23.1% of the total number of our issued Shares (including Ordinary and Preference Shares and as enlarged by the issue of the Series A Preference Shares at the time). The total consideration for the Series A Pre-IPO Investment was S\$300,000, calculated at S\$1 per Series A Preference Share and determined at arm's length negotiation between the parties with reference to our latest available financial results. As a completion condition to the Series A Investment Agreement, our Company and Founders agreed to adopt a new set of constitution, providing for certain special rights and obligations to our Series A Investors, all of which were restated on 18 December 2013 when the Series D Pre-IPO Investment was completed. See "— Special Rights and Obligations" below for details.

In November 2007, two more investors, Ms. SEOW Ho Yien and Mr. NG Sah Keong, indicated their interests in investing in our Company and we arranged for Mr. Arnold TAN Kim Hong, an original Series A Investor, to divest part of his interests to the new investors. On 15 November 2007, Mr. Arnold TAN Kim Hong transferred 30,000 Series A Preference Shares and 70,000 Series A Preference Shares, respectively, to Ms. SEOW Ho Yien and Mr. NG Sah Keong at an aggregate consideration of S\$100,000, which was calculated at S\$1 per Series A Preference Share and determined based on the arm's length negotiations between the parties with reference to our latest available financial results.

Information of the Series A Pre-IPO Investment is set out below:

Series A Investor	Number of Series A Preference Shares subscribed/obtained	Date of allotment/transfer	Consideration paid and payment date	Remarks
Arnold TAN Kim Hong	100,000	26 September 2006	S\$100,000 paid on 21 August 2006	<ul style="list-style-type: none"> Continue to be held by Mr. Arnold TAN Kim Hong
	70,000	26 September 2006	S\$70,000 paid on 21 August 2006	<ul style="list-style-type: none"> Transferred to Mr. NG Sah Keong on 15 November 2007
	30,000	26 September 2006	S\$30,000 paid on 21 August 2006	<ul style="list-style-type: none"> Transferred to Ms. SEOW Ho Yien on 15 November 2007
James TAY Chin Kwang	100,000	26 September 2006	S\$100,000 paid on 24 September 2006	<ul style="list-style-type: none"> Continue to be held by Mr. James TAY Chin Kwang

HISTORY AND DEVELOPMENT

Series A Investor	Number of Series A Preference Shares subscribed/obtained	Date of allotment/transfer	Consideration paid and payment date	Remarks
NG Sah Keong	70,000	15 November 2007	Nil ⁽¹⁾	Acquired from Mr. Arnold TAN Kim Hong on 15 November 2007
SEOW Ho Yien	30,000	15 November 2007	Nil ⁽¹⁾	Acquired from Mr. Arnold TAN Kim Hong on 15 November 2007

Note:

- (1) The consideration for the transfer of the Series A Preference Shares on 15 November 2007 was settled directly between the relevant buyer and seller of the transaction. Our Company was not involved in the settlement of these transactions and no fund was received by us.

Amount of consideration paid: S\$300,000

Cost per Series A Preference Share: S\$1

Consideration basis: Determined based on arm's length negotiation between the parties with reference to our latest available financial results

Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus): Approximately 92.6%

Use of proceeds from the Series A Pre-IPO Investment: The proceeds generated from the Series A Pre-IPO Investment had been fully utilised prior to the Track Record Period as the general working capital for the business operations and continual development of our Group. In particular, these proceeds were used for our research and development in order to upgrade and refine our **Simplicity** products

Strategic benefits Our Series A Investors provide financial resources to our Group with no strategic involvement in our business

HISTORY AND DEVELOPMENT

Series B Pre-IPO Investment

On 15 August 2007, our Company and Founders entered into the Series B Investment Agreement with our Series B Investors, pursuant to which our Series B Investors agreed to subscribe for the Series B Preference Shares in two tranches in September 2007 and January 2008. The 434,782 Series B Preference Shares represented approximately 25.1% of the total number of our issued Shares (including Ordinary and Preference Shares and as enlarged by the issue of the Series B Preference Shares) at the time. The total consideration for the Series B Pre-IPO Investment was S\$499,999.30, calculated at S\$1.15 per Series B Preference Share and determined at arm's length negotiation between the parties and independent valuation carried out by our Series B Investors with reference to our latest available financial results. As a completion condition to the Series B Investment Agreement, our Company and our then existing Shareholders agreed to amend our constitution, providing for certain special rights and obligations to our Series B Investors, all of which were restated on 18 December 2013 when the Series D Pre-IPO Investment was completed. See "— Special Rights and Obligations" below for details.

The first tranche of the Series B Pre-IPO Investment, completed on 10 September 2007, comprised 217,392 Series B Preference Shares. The second tranche of the Series B Pre-IPO Investment, completed on 21 January 2008, comprised 217,390 Series B Preference Shares.

On 31 March 2012, Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) transferred 217,391 Series B Preference Shares to BAF Spectrum Pte. Ltd. The consideration amounted to S\$312,499.56, calculated at approximately S\$1.44 per Series B Preference Share and determined based on the arm's length negotiations between the Series B Investors and independent valuations carried out by them with reference to our latest available financial results. Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) is an investment fund owned by the Singapore Government which runs a state enterprise development scheme for start-up enterprises in Singapore, the rules and policies of which provide that its investments shall be divested to its co-investors, in a commercially viable manner, within five years. Our Directors have confirmed that there is nothing to be brought to the attention of our potential investors and the Stock Exchange in relation to this transfer.

HISTORY AND DEVELOPMENT

Information of the Series B Pre-IPO Investment is set out below:

Series B Investor	Number of Series B Preference Shares subscribed/obtained	Date of allotment/transfer	Consideration paid and payment date	Remarks
Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.)	108,696	10 September 2007	S\$125,000.40 paid on 15 August 2007	<ul style="list-style-type: none"> Transferred to BAF Spectrum Pte. Ltd. on 31 March 2012
	108,695	21 January 2008	S\$124,999.25 paid on 19 March 2008	<ul style="list-style-type: none"> Transferred to BAF Spectrum Pte. Ltd. on 31 March 2012
BAF Spectrum Pte. Ltd.	108,696	10 September 2007	S\$125,000.40 paid on 14 September 2007	<ul style="list-style-type: none"> Continue to be held by BAF Spectrum Pte. Ltd.
	108,695	21 January 2008	S\$124,999.25 paid on 15 January 2008	<ul style="list-style-type: none"> Continue to be held by BAF Spectrum Pte. Ltd.
	217,391	31 March 2012	Nil ⁽¹⁾	<ul style="list-style-type: none"> Acquired from Spring Seeds Capital Pte. Ltd. on 31 March 2012

Note:

- (1) The consideration for the transfer of the Series B Preference Shares on 31 March 2012 was settled directly between the relevant buyer and seller of the transaction. Our Company was not involved in the settlement of these transactions and no fund was received by us.

Amount of consideration paid: S\$499,999.30

Cost per Series B Preference Share:

- As for the subscription of Series B Preference Shares in September 2007 and January 2008: S\$1.15
- As for the transfer of Series B Preference Shares in March 2012: approximately S\$1.44 (the settlement was made between the parties and no fund was received by our Company)

HISTORY AND DEVELOPMENT

Consideration basis:	<ul style="list-style-type: none">• <i>As for the subscription of Series B Preference Shares in September 2007 and January 2008:</i> determined based on arm's length negotiation between the parties and independent valuation carried out by our Series B Investors with reference to our latest available financial results• <i>As for the transfer of Series B Preference Shares in March 2012:</i> determined based on arm's length negotiation between the Series B Investors and independent valuation carried out by them with reference to our latest available financial results
Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus):	Approximately 91.5%
Use of proceeds from the Series B Pre-IPO Investment:	The proceeds generated from the Series B Pre-IPO Investment had been fully utilised prior to the Track Record Period as the general working capital for the business operations and continual development of our Group. In particular, these proceeds were used for our research and development in order to upgrade and refine our Simplicity products
Strategic benefits	BAF Spectrum Pte. Ltd. provided customer referral services to us on a no-cost basis and also introduced us to our Series C Investors and Series D Investors. Our Series B Investors otherwise provide financial resources to our Group with no strategic involvement in our business

Series C Pre-IPO Investment

On 10 March 2010, our Company and Founders entered into the Series C Investment Agreement with our Series C Investors, pursuant to which our Series C Investors agreed to subscribe for a total of 722,823 Series C Preference Shares, representing approximately 29.4% of the total number of our issued Shares (including Ordinary and Preference Shares and as enlarged by the issue of the Series C Preference Shares) at the time. The total consideration for the Series C Pre-IPO Investment was approximately S\$1.13 million, calculated at S\$1.5564 per Series C Preference Share and determined at arm's length negotiation between the parties and independent valuation carried out by our Series C Investors with reference to our latest available financial results. As a closing condition to the Series C Investment Agreement, our Company and our then existing Shareholders agreed to amend our constitution and enter into a shareholders' agreement with the Series C Investors, providing them with certain special rights and obligations. All such special rights and obligations were restated on 18 December 2013 when the Series D Pre-IPO Investment was completed. See "— Special Rights and Obligations" below for details.

HISTORY AND DEVELOPMENT

On 13 February 2013, Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.) transferred 481,881 Series C Preference Shares to iGlobe. The consideration amounted to S\$887,554.88, calculated at approximately S\$1.84 per Series C Preference Share and determined based on the arm's length negotiations between the Series C Investors and the independent valuation carried out by them with reference to our latest available financial results. Spring Seeds Capital Pte. Ltd. is an investment fund owned by the Singapore Government which runs a state enterprise development scheme for start-up enterprises in Singapore, the rules and policies of which provide that its investments shall be divested to its co-investors, in a commercially viable manner, within five years. Our Directors have confirmed that there is nothing to be brought to the attention of our potential investors and the Stock Exchange in relation to this transfer.

Information of the Series C Pre-IPO Investment is set out below:

Series C Investor	Number of Series C Preference Shares subscribed/obtained	Date of allotment/transfer	Consideration paid and payment date	Remarks
Spring Seeds Capital Pte. Ltd. (previously known as Seeds Capital Pte. Ltd.)	481,881	5 March 2010	S\$749,999.59 paid on 11 March 2010	<ul style="list-style-type: none"> Transferred to iGlobe on 13 February 2013
iGlobe	240,942	5 March 2010	S\$375,002.13 paid on 10 March 2010	<ul style="list-style-type: none"> Continue to be held by iGlobe
	481,881	13 February 2013	Nil ⁽¹⁾	<ul style="list-style-type: none"> Acquired from Spring Seeds Capital Pte. Ltd. on 13 February 2013

Note:

(1) The consideration for the transfer of the Series C Preference Shares on 13 February 2013 was settled directly between the relevant buyer and seller of the transaction. Our Company was not involved in the settlement of these transactions and no fund was received by us.

Amount of consideration paid: S\$1,125,001.72

Cost per Series C Preference Share:

- As for the subscription of Series C Preference Shares in March 2010: S\$1.5564
- As for the transfer of Series C Preference Shares in February 2013: approximately S\$1.84 (the settlement was made between the parties and no fund was received by our Company)

HISTORY AND DEVELOPMENT

Consideration basis:

- *As for the subscription of Series C Preference Shares in March 2010:* determined based on arm's length negotiation between the parties and independent valuation carried out by our Series C Investors with reference to our latest available financial results
- *As for the transfer of Series C Preference Shares in February 2013:* determined based on arm's length negotiation between our Series C Investors and independent valuation carried out by our Series C Investors with reference to our latest available financial results

Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus):

Approximately 88.5%

Use of proceeds from the Series C Pre-IPO Investment:

The proceeds generated from the Series C Pre-IPO Investment had been fully utilised prior to the Track Record Period as the general working capital for the business operations and continual development of our Group. In particular, these proceeds were used for our research and development in order to upgrade and refine our **Simplicity** products and also to launch our **Starlight** products

Strategic benefits

iGlobe provided customer referral services to us on a no-cost basis. Our Series C Investors otherwise provide financial resources to our Group with no strategic involvement in our business

Series D Pre-IPO Investment

On 16 December 2013, our Company and our then existing Shareholders entered into the Series D Investment Agreement with our Series D Investors, pursuant to which our Series D Investors agreed to subscribe for a total number of 824,117 Series D Preference Shares, representing approximately 25.1% of the total number of our issued Shares (including Ordinary and Preference Shares and as enlarged by the issue of the Series D Preference Shares) at the time. The total consideration for the Series D Pre-IPO Investment was approximately S\$4.96 million, calculated at approximately \$5.6776 or S\$6.1035 (as the case may be) per Series D Preference Share and determined based on arm's length negotiation between the parties and independent valuation carried out by our Series D Investors with reference to our latest available financial results.

HISTORY AND DEVELOPMENT

Under the Series D Investment Agreement, certain Series D Investors may elect to subscribe for an additional tranche of 277,709 Series D Preference Shares in aggregate at a consideration equivalent to the original tranche, subject to our Company achieving certain operational performance milestones. Notwithstanding the successful achievement of these milestones, the parties did not proceed with the subscription of the additional tranche and our Series D Investors waived their rights in relation to the additional tranche in writing in June and July 2016.

Information of the Series D Pre-IPO Investment is set out below:

Series D Investor	Number of Series D Preference Shares subscribed	Date of allotment	Consideration paid and payment date	Remarks
iGlobe	176,128	18 December 2013	S\$1,000,000 ⁽¹⁾	N/A
Majuven Fund 1 Ltd.	401,409	18 December 2013	S\$2,450,000 paid on 17 December 2013	N/A
OWW Investments III Limited	229,377	18 December 2013	S\$1,400,000 paid on 18 December 2013	N/A
Mr. LEE Ching Yen Stephen	11,469	18 December 2013	S\$70,000 paid on 13 December 2013	N/A
Mr. LIM Ho Kee	5,734	18 December 2013	S\$35,000 paid on 18 December 2013	N/A
Amount of consideration paid:		S\$4,955,000 ⁽¹⁾		
Cost per Series D Preference Share:		Approximately S\$5.6776 (for iGlobe) ⁽¹⁾ or S\$6.1035 (for other Series D Investors)		
Consideration basis:		Determined based on arm's length negotiation between the parties and independent valuations carried out by our Series D Investors with reference to our latest available financial results		
Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus):		Approximately 54.9% (for iGlobe) ⁽¹⁾ or 58.1% (for other Series D Investors)		

HISTORY AND DEVELOPMENT

Use of proceeds from the Series D Pre-IPO Investment:

The proceeds generated from the Series D Pre-IPO Investment had been fully utilised prior to and during the Track Record Period as the general working capital for the business operations and continual development of our Group. In particular, these proceeds were used for the sales and marketing of our **Starlight** products

Strategic benefits

Majuven Pte. Ltd., the management company of Majuven Fund 1 Ltd. (a Series D Investor), provided business development consultancy services to our Company, which had been discontinued during the financial year ended 31 May 2016. For the financial years ended 31 May 2015 and 2016, respectively, the service fees charged to our Group amounted to approximately S\$9,120 and S\$35,200. The services provided by Majuven Pte. Ltd. included business development advice and referral of potential customers. Mr. LIM Ho Kee is a director of Majuven Pte. Ltd. and provided us with consultancy services through this arrangement

iGlobe and OWW Investments III Limited have provided us customer referral services on a no-cost basis

Save and except for the above, our Series D Investors provide financial resources to our Group with no strategic involvement in our business

Note:

- (1) Under the Series D Investment Agreement, iGlobe agreed to convert the total amount of S\$1 million repayable to it under two separate loan agreements dated 19 November 2012 and 14 November 2013, respectively. As such, no actual subscription monies were received by us from iGlobe under the Series D Pre-IPO Investment. In consideration for iGlobe's provision of the above loans and after arm's length negotiations among our Company and all Series D Investors, a discount to the original subscription price of approximately S\$6.1035 per Series D Preference Share was offered to iGlobe.

As part of the Series D Pre-IPO Investment, our Company also issued to iGlobe warrants to subscribe for 5,734 Series D Preference Shares within 18 months, which have been exercised in full. See "— Our Warrants — First Tranche of Warrants" for further details.

For the background and beneficial owners (where applicable) of our Pre-IPO Investors, see "— Our Shareholders" above. For the shareholding percentage held by each of our Pre-IPO Investors upon completion of the Placing, see "— Our Corporate Structure" below.

Special rights and obligations

As part of the Series D Pre-IPO Investment, the then existing Shareholders of our Company entered into our Shareholders' Agreement on 18 December 2013 and adopted a new

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set of constitution. Pursuant to these documents, our Company granted certain special rights and obligations (the “**Special Rights and Obligations**”) that apply to our Company only but not our subsidiaries.

As stated in “— Shareholding Restructuring”, our Pre-IPO Investors agreed to (i) automatically and mandatorily convert their Preference Shares into Ordinary Shares on the Listing Date; and (ii) terminate our Shareholders’ Agreement on the day on which the Preference Shares are converted into Ordinary Shares (i.e. Listing Date). Pursuant to the written resolutions of our Shareholders dated 24 November 2016, our Shareholders also resolved to adopt the Constitution (which contains no Special Rights and Obligations) in substitution for and to the exclusion of our existing constitution with effect on the Listing Date. As a result, no Special Right and Obligation shall exist upon Listing.

The Special Rights and Obligations, which have been or will be terminated upon Listing, comprised the following:

(a) New issue pre-emption rights

Our Company granted all existing Shareholders as at 18 December 2013 with a right of first refusal to purchase, on a pro-rata basis, any new Shares or securities which our Company from time to time proposes to sell and issue.

(b) Share transfer pre-emption rights

Our Company granted all existing Shareholders as at 18 December 2013 with (i) a right of first refusal to purchase any Shares that an existing Shareholder (proposes to dispose of; and (ii) a right to participate in the disposal on the same terms and manner if the right of first refusal set out in (a) above is not exercised.

(c) Drag along

All existing Shareholders as at 18 December 2013 shall participate in the disposal of our Shares in the event that more than 75% of our Pre-IPO Investors decide to sell their interests in our Company to a third party.

(d) Compulsory offer to transfer Shares

Our Company is entitled to, as an agent, sell the interests held by an existing Shareholder in the event of the liquidation/bankruptcy and/or restructuring, re-adjustment or re-scheduling of the debts of such Shareholder.

(e) Nomination rights

The Pre-IPO Investors are collectively entitled to appoint four Directors to our Board of Directors, pursuant to which Prof. WONG Poh Kam, Mr. Robert CHEW, Ms. QUEK Soo Boon and Mr. Rohit SINGH were appointed to our Board. Prof. Wong and Mr. Chew will remain as non-executive Directors and the rest has resigned from our Board on 22 November 2016.

(f) Board observer rights

Certain Pre-IPO Investors are entitled to appoint, collectively, two observers to our Board of Directors.

HISTORY AND DEVELOPMENT

(g) Information rights

Pre-IPO Investors holding 100,000 Preference Shares or more are entitled to receive, amongst others, (i) monthly and quarterly information on our financials, operational activities and prospects; (ii) the annual audited accounts of our Company; (iii) annual budget and financial plans of our Company; (iv) filings to the Singapore regulatory authorities, minutes of the meetings of our Board of Directors and our press releases and announcements; and (v) any other document as our Directors or the relevant Pre-IPO Investors may from time to time reasonably request.

(h) Reserved matters

Certain matters shall require the approval of holders of at least 75% of the Preference Shares.

(i) Liquidation preference

In the event of any liquidation event, either voluntary or involuntary, the holders of Preference Shares shall be entitled to receive, prior and in preference to any distribution of the proceeds of such liquidation event to the holders of Ordinary Shares.

(j) Anti-dilution protection

The Pre-IPO Investors were entitled to receive such number of new Shares to bring their shareholding percentage to their initial percentage in the enlarged share capital of our Company should our Company issue new Shares at nil consideration or for a consideration lower than a prescribed amount. These anti-dilution protection rights were terminated on 21 July 2016. See “— Shareholding Restructuring” below.

Lock-up

There is no lock-up provision under the terms of the Pre-IPO Investments. All Pre-IPO Investors have undertaken to our Company, the Sole Global Coordinator (for itself and on behalf of the Underwriters) that, commencing on the date of this prospectus and ending on the date which is 18 months (as for the Series A Investors) or twelve months (as for the other Pre-IPO Investors) from the Listing Date, they will not sell or other transfer or dispose of any Share or other securities of our Company. See “Underwriting — Underwriting Arrangements and Expenses — Undertakings” in this prospectus for details.

Public float

Each of our Series A Investors and Series B Investor is a Controlling Shareholder by virtue of the Deed of AIC Confirmation. iGlobe will become a substantial Shareholder upon Listing. Mr. LIM Ho Kee is a former Director of our Company within twelve months from the date of this prospectus and also a director and beneficial owner of Majuven Fund 1 Ltd. These Pre-IPO Investors are therefore core connected persons of our Company and their interests in our Company will not be counted towards our public float for the purpose of Rule 11.23(9) of the GEM Listing Rules.

HISTORY AND DEVELOPMENT

Each of OWW Investments III Limited and Mr. LEE Ching Yen Stephen is not a core connected person of our Company. They have confirmed that they are independent of our Company and our connected persons aside from their shareholding interests in our Company, which do not constitute substantial shareholding under the GEM Listing Rules. As such, their shareholding interests in our Company will be counted towards our public float for the purpose of Rule 11.23(9) of the GEM Listing Rules.

OUR WARRANTS

As an additional means of fulfilling our on-going capital requirements, we issued two tranches of warrants to certain existing Shareholders in consideration for their capital injection. Particulars of our warrants, including their exercise conditions and their current status, are set out below.

First tranche of Warrants

As part of the Series D Pre-IPO Investment, our Company entered into a warrant agreement with iGlobe on 18 December 2013, pursuant to which our Company issued iGlobe warrants to subscribe for 5,734 Series D Preference Shares. The first tranche of warrants is exercisable within three years after 18 December 2013 at approximately S\$6.1035 per Series D Preference Share, which is identical to the subscription price under the Series D Pre-IPO Investment.

On 31 May 2016, iGlobe served a conversion notice to our Company exercising the first tranche of warrants. The exercise monies were received by us on 6 June 2016 and 5,734 Series D Preference Shares were issued to iGlobe on 7 June 2016. Upon exercise of these warrants, iGlobe is interested in approximately 27.52% of the total number of issued Shares of our Company (including Ordinary Shares and Preference Shares, and as enlarged by the issue of the warrant Shares) at that time. See “— Shareholding Restructuring — Exercise of Warrants” for further details. All of the Series D Preference Shares held by iGlobe will be automatically and mandatorily converted into Ordinary Shares on the Listing Date.

Information of the first tranche of warrants is set out below:

Warrant holder	Number of and class of Shares to be issued upon exercise	Exercise price	Exercise period	Remarks
iGlobe	5,734 (Series D Preference)	Approximately S\$6.1035	three years after 18 December 2013	Exercised (with exercise monies irrevocably settled on 6 June 2016)

Amount of consideration paid: Nil; as part of the Series D Pre-IPO Investment

Amount of exercise monies paid: S\$34,997.47

Exercise price per Series D Preference Share: Approximately S\$6.1035

HISTORY AND DEVELOPMENT

Consideration basis:	Identical to the subscription price of the Series D Pre-IPO Investment
Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus):	Approximately 54.9%
Use of proceeds from the exercise of the warrants:	The exercise monies are reserved as our general working capital
Strategic benefits	See “— Series D Pre-IPO Investment” above

Second tranche of Warrants

On 24 August 2015, our Company entered into the Bridging Loan Agreement with iGlobe, BAF Spectrum Pte. Ltd., Majuven Fund 1 Ltd., Mr. LEE Ching Yen Stephen and Mr. LIM Ho Kee, pursuant to which they agreed to advance a bridging loan in the amount of S\$1 million in aggregate to our Company as general working capital. The bridging loan had a maturity period of six months and shall be repayable, with accrued interest of 8%, upon occurrence of certain events of default including (i) the acquisition of our **Simplicity** business by a third party; (ii) certain merger, acquisition or consolidation exercises; (iii) the sale of substantially all of the consolidated assets or business of our Company; (iv) the closing date of the next round of equity financing of our Company; and (v) cease of the continual existence of our Company. None of the events of defaults provided under the Bridging Loan Agreement had occurred during the six-month period and we have repaid the bridging loan in full (with accrued interest) in March 2016. In consideration for entering into the Bridging Loan Agreement, our Company agreed to issue the second tranche of warrants to subscribe for 98,304 Series D Preference Shares in aggregate. The warrant agreements were signed on 24 August 2015. The second tranche of warrants was exercisable within five years after 24 August 2015 at approximately S\$3.05175 per Series D Preference Share, calculated at a 50% discount to the subscription price under the Series D Pre-IPO Investment. The discount was given by our Company in consideration for the Series D Investors' entering into the Bridging Loan Agreement, and also after arm's length negotiation among the parties.

On 4 October 2016, our Company entered into termination agreements with each holder of the second tranche of warrants, pursuant to which they agreed to irrevocably cancel and terminate the second tranche of warrants with immediate effect in consideration for a compensation of S\$897,000 in aggregate. The compensation amount was arrived at after arm's length negotiation of the parties, taking into account our Group's net asset value as at 31 May 2016 and also our future growth potentials.

HISTORY AND DEVELOPMENT

Information of the second tranche of warrants is set out below:

Warrant Holder	Number of and class of Shares to be issued upon exercise	Exercise price	Exercise period	Remarks
iGlobe	38,730 (Series D Preference)	Approximately S\$3.05175	Five years after 24 August 2015	Cancelled
BAF Spectrum Pte. Ltd.	18,732 (Series D Preference)	Approximately S\$3.05175	Five years after 24 August 2015	Cancelled
Majuven Fund 1 Ltd.	40,101 (Series D Preference)	Approximately S\$3.05175	Five years after 24 August 2015	Cancelled
LEE Ching Yen Stephen	494 (Series D Preference)	Approximately S\$3.05175	Five years after 24 August 2015	Cancelled
LIM Ho Kee	247 (Series D Preference)	Approximately S\$3.05175	Five years after 24 August 2015	Cancelled
Amount of consideration paid:	Nil; part of the Bridging Loan Agreement			
Exercise price per Ordinary Share:	Approximately S\$3.05175			
Consideration basis:	50% discount to the subscription price of the Series D Pre-IPO Investment			
Discount to the Placing Price of HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus):	Approximately 77.5%			
Use of proceeds from the exercise of the warrants:	Cancelled			
Strategic benefits	See “— Series D Pre-IPO Investment” above			

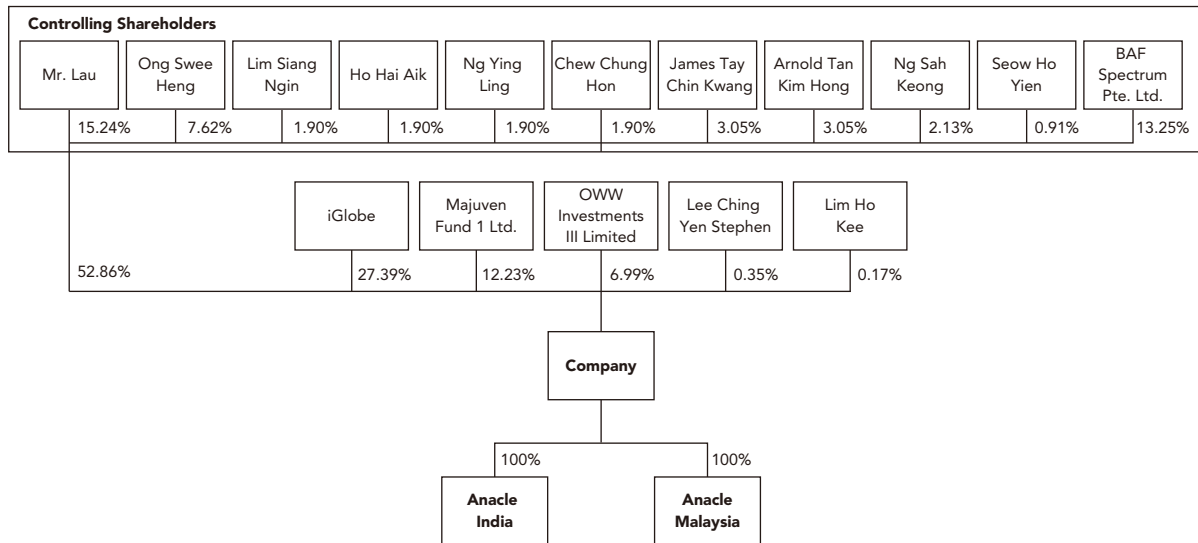
Confirmation from the Sole Sponsor

The Sole Sponsor has confirmed that the Pre-IPO Investments and the issue and (where applicable) exercise and cancellation of warrants are in compliance with the Stock Exchange’s interim guidance on pre-IPO investments (HKEX-GL-29-12) issued on 13 October 2010 and guidance letter HKEX-GL-43-12 issued on 13 October 2012 and updated in July 2013.

HISTORY AND DEVELOPMENT

SHAREHOLDING RESTRUCTURING

In preparation for the Listing, our Group underwent the Shareholding Restructuring to streamline the ownership structure of our Group and comply with the requirements of the Listing under the GEM Listing Rules. Set out below is the shareholding and corporate structure of our Group immediately prior to the implementation of the Shareholding Restructuring:



Notes:

- (1) The calculation of shareholding percentage above takes into account all Ordinary Shares and Preference Shares in our share capital at the relevant time and is subject to rounding.
- (2) Anacle India is held as to 99.99% by our Company and as to 0.01% by Mr. Jindhar CHOUGULE (a director of Anacle India) as a nominee of our Company.

Our Shareholding Restructuring comprised the following steps:

1. Exercise of the first tranche of Warrants

As part of the Series D Pre-IPO Investment, our Company issued iGlobe warrants to subscribe for 5,734 Series D Preference Shares on 18 December 2013, the details of which are set out in “— Our Warrants — First Tranche of Warrants” above. The exercise period of these warrants would expire by the end of December 2016.

On 31 May 2016, in anticipation of the Listing, iGlobe served an exercise notice to our Company on, amongst others, (i) their intention to exercise the first tranche of warrants; (ii) their acceptance to the allotment of 5,734 Series D Preference Shares; and (iii) their surrender of the existing warrant certificates. The exercise monies of S\$34,997.47, calculated at approximately S\$6.1035 per Series D Preference Share, which is identical to the subscription price under the Series D Pre-IPO Investment, were received by our Company and irrevocably settled by iGlobe on 6 June 2016. 5,734 Series D Preference Shares were issued on 7 June 2016.

HISTORY AND DEVELOPMENT

2. Conversion of Preference Shares into Ordinary Shares

Prior to the implementation of the Shareholding Restructuring, our issued share capital comprised Ordinary Shares and Preference Shares, which carry certain Special Rights and Obligations. In preparation for the Listing and in compliance with the GEM Listing Rules, our Company and Shareholders carried out the following steps to rationalise our capital structure:

- (i) on 21 July 2016, our Pre-IPO Investors served a conversion notice to our Company subjecting the Preference Shares to an automatic and mandatory conversion into Ordinary Shares on the Listing Date. Each Pre-IPO Investor is entitled to one Ordinary Share for each Preference Share he/she/it holds on the Listing Date. The Preference Shares will be cancelled and converted into Ordinary Shares on the Listing Date immediately prior to the commencement of dealings of our Shares on the GEM of the Stock Exchange. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules in relation of the conversion of the Preference Shares into Ordinary Shares. See "Waivers" for further details;
- (ii) on 21 July 2016, our Shareholders entered into the Supplemental Shareholders' Agreement, pursuant to which our Shareholders agreed to terminate the Shareholders' Agreement on the date which our Preference Shares are converted into Ordinary Shares (i.e. the Listing Date) so that all Special Rights and Obligations will be terminated upon Listing; and
- (iii) on 21 July 2016, our Shareholders passed a resolution in writing to amend our then existing constitution to the effect that the anti-dilution protection rights granted to our Pre-IPO Investors were cancelled with immediate effect.

Our Singapore Legal Advisers have confirmed that our Shareholding Restructuring has been legally and properly completed and settled on 21 July 2016, which is at least 28 clear days prior to the submission of the Listing application to the Stock Exchange and in compliance with the Stock Exchange's guidance letters HKEX-GL-29-12 and HKEX-GL-43-12.

Our Shareholders have also adopted the Constitution, a summary of which is set out in Appendix III to this prospectus, on 24 November 2016 in substitution for and to the exclusion of our existing constitution. The Constitution will take effect on the date on which our Company is converted into a public company (i.e. 25 November 2016). Under the provisions of the Constitution and as a result of our Shareholding Restructuring, our share capital will comprise one single class of Ordinary Shares with no Special Rights and Obligations attached thereto upon Listing.

No excluded business

The Shareholding Restructuring does not involve any change to our corporate structure and our Shareholders have not excluded any business from our Group as a result of the Shareholding Restructuring.

HISTORY AND DEVELOPMENT

Further changes to our share capital

On 24 November 2016, our Shareholders resolved that each issued and allotted Ordinary and Preference Share of nil par value be sub-divided into 91 Shares of nil par value with immediate effect so that the total number of issued Shares of our Company increased from 3,287,456 Shares to 299,158,496 Shares.

Public Company and New Name

On 25 November 2016, our Company was converted into a “public company limited by shares” under the Singapore Companies Act and our Company was renamed “Anacle Systems Limited” with immediate effect.

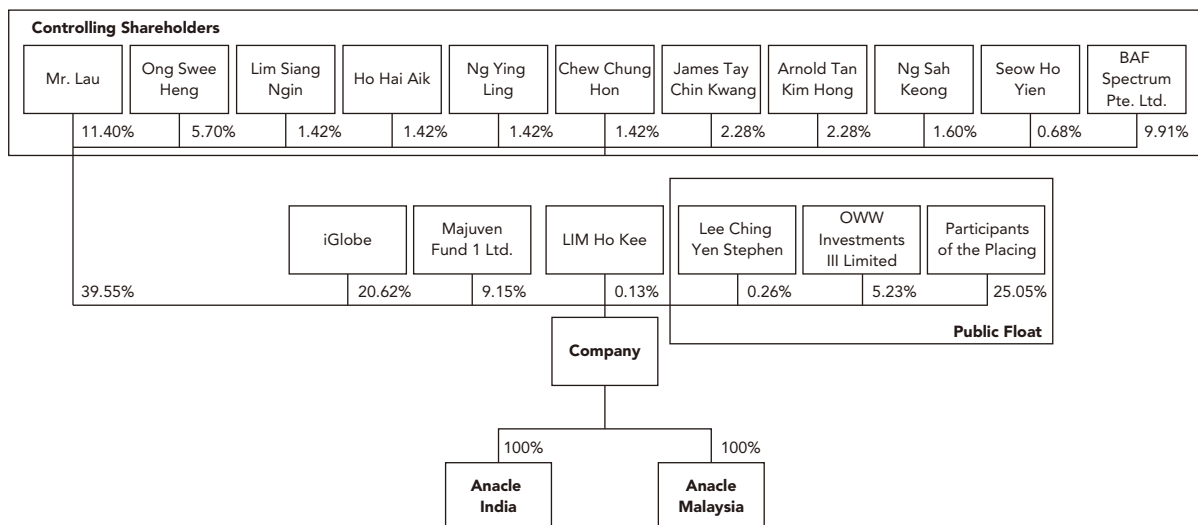
Share Option Schemes

Our Company adopted the Pre-IPO ESOPs with the approval of our Board. We granted Pre-IPO Share Options to twelve grantees to subscribe for 33,181,876 Ordinary Shares under the terms of the Pre-IPO ESOPs. These grantees comprised two Director, four members of our senior management, and six current/former other employees of our Group. All Pre-IPO Share Options are not exercised and remain outstanding as at the date of this prospectus. See “Appendix IV — Statutory and General Information — F. Pre-IPO ESOPs” for further details.

Our Shareholders also conditionally adopted the Post-IPO Share Option Scheme which will take effect on the Listing Date. See “Appendix IV — Statutory and General Information — G. Post-IPO Share Option Scheme” for further details.

OUR CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options):



Notes:

- (1) The calculation of shareholding percentage above is approximate and subject to rounding.
- (2) Anacle India is held as to 99.99% by our Company and as to 0.01% by Mr. Jindhar CHOUGULE (a director of Anacle India) as a nominee of our Company.

OVERVIEW

Established in 2006, we are a fast-growing IT company based in Singapore. Through the on-premise model and SaaS delivery model, we mainly specialise in providing (i) enterprise application software targeted for commercial property and building owners to better manage their real estate assets and facilities and (ii) energy management systems targeted for commercial property and building owners to monitor and better manage their energy consumption, which cover end-users across various countries and regions including Singapore, Malaysia, Taiwan and other Asian countries. We research, design, develop and implement software and hardware solutions and provide upgrades, maintenance and after-sales support to our customers in various industries such as commercial real estate, education, healthcare, government, utilities and oil and gas. Our mission is to empower enterprises with modern big data business analytics and monitoring technologies so that they can improve their business efficiency, gather business intelligence and ultimately enhance their financial performance.

According to the Frost & Sullivan Report, our Group ranked the 40th in the enterprise application software industry in Singapore in terms of revenue in 2015, and the aggregate market share of the top 100 players in the enterprise application software industry in Singapore was approximately 80% in 2015. We operate in two small and specialised niche markets in relation to the overall enterprise application software market and overall building energy management software market in Singapore. The commercial property management software market accounted for approximately 6.0% of the overall enterprise application software market in Singapore in terms of revenue in 2015. According to the Frost & Sullivan Report, we ranked as the second largest provider of commercial property management software in Singapore in 2015 in terms of revenue. The retrofit building energy management system market in Singapore accounted for approximately 19.9% of the overall building energy management software market in Singapore in terms of revenue in 2015. Further, according to the Frost & Sullivan Report, we ranked as the third largest provider of building energy management systems in the retrofit market in Singapore in 2015 in terms of revenue. The good entrepreneurial atmosphere and favourable government policies in Singapore allow us to grow and expand our business and product offerings. Our revenue grew over 50.0% from the financial year ended 31 May 2015 to S\$11.1 million for the financial year ended 31 May 2016.

Enterprise application software is a suite of integrated software applications used by an organisation for the purpose of collecting, storing, managing and interpreting data from its management and business activities. Energy management system is a network-based system that enables an individual entity to monitor, measure and control the performance of energy consumption, such as the lighting systems and heating, ventilation, and air conditioning systems. Our mission is to empower enterprises with modern big data business analytics and monitoring technologies so that they can improve their business performance, gather business intelligence and ultimately enhance financial performance.

During the Track Record Period, we derived a majority of our revenue from **Simplicity**, our self-developed enterprise application software solution, and **Starlight**, our self-developed energy management solution. **Simplicity** offers specific solutions for enterprise asset management, shared resources management, tenancy management, supply chain management, customer relationship management as well as financial management. **Starlight** is a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles, which helps end-users better manage their energy usage and save costs.

BUSINESS

The table below sets out a breakdown of our revenue by product during the Track Record Period:

	For the financial years ended 31 May			
	2015		2016	
	S\$	%	S\$	%
Simplicity	5,621,227	76.7	8,660,605	78.1
Starlight	1,703,369	23.3	2,429,395	21.9
SpaceMonster	—	—	280	—
Total	<u>7,324,596</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

We offer **Simplicity** and **Starlight** to our customers through the on-premise model or the SaaS delivery model. On-premise solutions are generally project based. They are installed and run on computers or servers on the customers' premises, which generally offer more customisations and require more technical support. SaaS-based solutions are charged by subscription fee and are run remotely via, for example, cloud, and generally offer more standard and common features to customers. Our Directors are of the view that large enterprises, especially those which are more concerned about data security or have more requirements on customisation and tailor-made solutions, prefer on-premise products over SaaS-based products. These enterprises usually have better IT support and are subject to security requirements to keep all the data and information in the data centre, rather than storing the data remotely which might expose them to leakage risks. The SaaS-based solutions are generally more popular to small and medium-sized enterprises because their initial setup cost is lower and they require less IT support, but the SaaS delivery model requires a substantial upfront investment by us to set up the entire infrastructure such as servers, data centre hosting, network security licences. Although our Group had generated a majority of revenue from on-premise solutions during the Track Record Period, we believe that the SaaS solutions will allow us to attract more customers and diversify our sources of revenue.

The table below sets out a breakdown of our revenue under the on-premise delivery and SaaS models for **Simplicity** and **Starlight** during the Track Record Period:

	For the financial year ended 31 May			
	2015		2016	
	S\$	% of total	S\$	% of total
Simplicity				
On-premise delivery	5,301,364	94.3	8,169,830	94.3
SaaS	<u>319,863</u>	<u>5.7</u>	<u>490,775</u>	<u>5.7</u>
Total	<u>5,621,227</u>	<u>100.0</u>	<u>8,660,605</u>	<u>100.0</u>
Starlight				
On-premise delivery	1,703,369	100.0	2,417,560	99.5
SaaS	—	—	<u>11,835</u>	<u>0.5</u>
Total	<u>1,703,369</u>	<u>100.0</u>	<u>2,429,395</u>	<u>100.0</u>

BUSINESS

Our Group mainly derives revenue from two sources: (i) project-based revenue by providing professional services, sales of meters and licences on ad hoc customer requirements at the initial system implementation phase; and (ii) recurring service income which comes from a combination of the revenue from the recurring maintenance and services requests from the end-users under our on-premise model, as well as the repeated subscription fees derived from our SaaS model. Set out below is the breakdown of the revenue by product and by sources:

	FY2015								FY2016							
	Simplicity				Space				Simplicity				Space			
	Simplicity	%	Starlight	%	Monster	%	Total	%	Simplicity	%	Starlight	%	Monster	%	Total	%
	S\$		S\$		S\$		S\$		S\$		S\$		S\$		S\$	
Project based revenue	3,737,433	66.5%	1,681,937	98.7%	—	—	5,419,370	74.0%	6,704,609	77.4%	2,402,225	98.9%	280	100.0%	9,107,114	82.1%
Recurring services																
income	1,883,794	33.5%	21,432	1.3%	—	—	1,905,226	26.0%	1,955,996	22.6%	27,170	1.1%	—	—	1,983,166	17.9%
Total	5,621,227	100.0%	1,703,369	100.0%	—	—	7,324,596	100.0%	8,660,605	100.0%	2,429,395	100.0%	280	100.0%	11,090,280	100.0%

Backlog represents our estimate of the aggregated contract value of our projects which remain to be completed as at a certain date from signed and legally-binding contracts, net of estimated GST.

The table below sets out net of estimated GST, our backlog at the end of the financial years ended 31 May 2015 and 31 May 2016:

	Financial year ended 31 May			
	2015		2016	
	S\$	%	S\$	%
	Backlog at the end of the period		Backlog at the end of the period	
Simplicity	<u>5,449,186</u>	<u>81.1</u>	<u>7,896,470</u>	<u>88.6</u>
Starlight	<u>1,273,291</u>	<u>18.9</u>	<u>1,012,669</u>	<u>11.4</u>
Total for Simplicity and Starlight	<u>6,722,477</u>	<u>100.0</u>	<u>8,909,139</u>	<u>100.0</u>

In order to strengthen our position as a provider of enterprise application software and energy management system in Singapore, we place strong emphasis on innovating new products and expanding our product offerings. As such, we have invested significant resources in research and development. For each of the two financial years ended 31 May 2015 and 2016, our research and development investment amounted to approximately S\$2,012,776 and S\$1,581,280, representing approximately 27.5% and 14.3% of our total revenue, respectively. Our research and development team comprises 31 members, which made up over one-third of our total number of staff. Apart from the software research and development team in our headquarters in Singapore, we also have a hardware product development and production process design and testing centre in India. This centre is responsible for the design, development and testing of our hardware products for **Starlight**, obtaining regulatory approvals for these products in the respective jurisdictions in which our products are distributed, as well as establishing production and quality control policies and procedures. For further information on our research and development, please refer to the paragraphs headed "Research and Development" in this section.

BUSINESS

We pride ourselves in having obtained various widely recognised awards and recognitions. For example, we were awarded Singapore Energy Management Company of the Year by Frost & Sullivan in 2015. We were also named one of the 20 Most Promising Enterprise Asset Management Solution Providers in 2016 by CIO Review. For further details of our awards and recognitions, please refer to the paragraph headed “Awards and Recognitions” in this section of this prospectus.

We sell our products to end-users directly and through our channel partners. Our Directors consider that not only could our channel partners help us expand and diversify our sales and distribution network, they could also offer implementation and consulting services to the end-users, allowing our products to reach a wider range of end-users. Moreover, when our channel partners sell our products, they may provide complementary products and integrate them with our products, so as to increase the attractiveness of our products to end-users. Our top five customers during the Track Record Period include multi-national corporations such as NEC Asia Pacific Pte Ltd and government authorities in Singapore such as National Environment Agency and National Institution of Education. As at the Latest Practicable Date, our Group had maintained business relationships with our top five customers for approximately one to six years. Going forward, we plan to expand our customer base, invest more resources in research and development to improve and expand our product offerings, and set up a manufacturing, assembly and testing plant.

While we expect **Simplicity** and **Starlight** to continue to be our major sources of revenue in the medium term, we have been proactively exploring new business initiatives by diversifying our product offerings in response to changing market trends and government policies in Singapore.

As a software provider, we are responsive to market changes in the IT industry. By leveraging our in-depth knowledge and experience in dealing with our existing customers in the commercial property industry in Singapore, we have identified an additional revenue stream created by a consistent mismatch between the demand for conference and meeting facilities and the supply of such facilities in Singapore. To take advantage of the opportunity, we have designed **SpaceMonster**, which is an online portal specifically designed to bring together and match people who need short-term venues and organisations which own or manage these venues. Our revenue from **SpaceMonster** is derived on a transaction basis as we charge a fee of 8% of the booking charges, which is payable by the venue providers. We launched **SpaceMonster** in July 2015 on a trial basis and we plan to launch **SpaceMonster** officially with full marketing campaigns in early 2017.

In addition, the proposed liberalisation of the energy retail market in Singapore in the near future is expected to result in an increase in the demand of Energy Retailers for software applications which, in turn, is expected to help strengthen energy billing and settlement functions. Therefore, we are developing myBill.sg, a web-based and multi-device-enabled portal aimed at providing Energy Retailers with comprehensive solutions, including accounts management, utilities contracts management and invoice generation. Revenue from myBill.sg will be derived on a transaction basis as we will charge a flat fee per billing transaction. We expect to launch myBill.sg in around mid-2018. Going forward, we plan to continue to explore other business opportunities and further diversify our revenue streams.

COMPETITIVE STRENGTHS

Our Directors believe that our Group possesses the following competitive strengths, which are important to our success and will continue to contribute to our growth:

Well positioned to benefit from the developments in the commercial real estate market and the proposed liberalisation of the energy retail market in Singapore

REITs play an important role in the commercial real estate market in Singapore. The REIT market in Singapore is one of the most well-developed REIT markets in the Asia Pacific region, with many large market players owning and managing properties in Singapore and beyond. This has created huge market potential for **Simplicity** which caters for the specific needs of end-users in the commercial real estate sector. During the Track Record Period, our customers and end-users included 11 REITs with property holdings in Singapore and other parts of Asia. We believe that we have built a solid foundation to further secure more REITs as new customers. In addition, by taking advantage of our in-depth knowledge and relationship with these customers, we have developed an online portal called "**SpaceMonster**" designed specifically to match those who need short term venues and organisations that own or manage these venues.

In addition, we have established a strong industry network with **Starlight**. During the Track Record Period, we secured three out of the leading seven independent Energy Retailers in Singapore as our customers. The three Energy Retailers had approximately 30% share of the entire energy retailing market in 2015. With **Starlight** and our strong industry network, we believe that we will be able to capture the huge market opportunities which would be created by the proposed liberalisation of the energy retail market in Singapore in 2018. Under the proposed liberalisation policy, over one million consumers in Singapore will be able to choose their Energy Retailers in Singapore for the supply of electricity instead of purchasing electricity solely from state-owned utilities companies. Thus, the proposed liberalisation policy is expected to result in an increase in the demand for software applications which, in turn, is expected to help strengthen energy billing and settlement functions by Energy Retailers for their end-customers. To take advantage of this development, we plan to launch a new type of service known as myBill.sg in around mid-2018. myBill.sg is expected to offer comprehensive solutions to Energy Retailers, including accounts management, utilities contracts management and invoice generation. We believe that we will benefit from the opportunities to cross-sell myBill.sg to the Energy Retailers which are end-users of **Starlight**.

Our deep domain knowledge in key industry sectors, which has helped us seize unique market positions with minimal direct competition

Since our establishment in 2006, we have accumulated deep domain knowledge in various industry sectors, including commercial real estate, government, healthcare, education, utilities and oil and gas. We believe that our deep domain knowledge has strengthened our brand in these industry sectors and distinguished us from generic enterprise resource planning players and non-regional players in the market. Furthermore, our deep domain knowledge coupled with our research and development capabilities also allow us to innovate new products that cater for the specific needs of our end-users in these industry sectors.

Our deep domain knowledge has helped us seize unique market positions with minimal direct competition. According to the Frost & Sullivan Report, we were the second largest provider of commercial property management software in Singapore in 2015 in terms of revenue, and we were the third largest provider of building energy management system in the retrofit market in Singapore in 2015 in terms of revenue. While there is fierce competition in relation to each of the major components of **Starlight**, **Starlight** is one of the few products in the market which can offer a full package in energy management such as automated metering infrastructure with unique software and hardware features and easy installation, and integrated meter data management and analytics/billing software.

Our strong research and development capabilities

Our research and development team is headed by our executive Director Mr. Lau. Mr. Lau has over 16 years of experience in the software industry. He has been responsible for leading the research and development programmes of our Group since he founded our Group in 2006. Please refer to the section headed "Directors and Senior Management" in this prospectus for Mr. Lau's biographical details. Our research and development team consists of international and skilled personnel with extensive experience in their respective fields. As at the Latest Practicable Date, we had 32 research and development staff, comprising 13 hardware engineers and 19 software engineers, of which approximately 94% attained tertiary education and approximately 9% has master's degree. Our research and development team made up over one-third of our total number of staff.

We have set up a software research and development centre in our headquarters in Singapore and a hardware product development and production process design and testing centre in India. We have strong research and development capabilities with a solid track record for the development and commercialisation of innovative yet practical and easy to use products. Through technological innovations and our deep domain knowledge, we have been able to introduce products that can be used in a wide range of industries, including commercial real estate, education and healthcare. As at the Latest Practicable Date, we had obtained a patent registered in Singapore for **Starlight** and we had filed applications for the registration of three patents in Singapore for Tesseract.

BUSINESS

For each of the two financial years ended 31 May 2015 and 31 May 2016, our research and development investment amounted to S\$2.0 million and S\$1.6 million, respectively, representing approximately 27.5% and 14.3% of our total revenue, respectively.

Our Group stays up-to-date with the latest technologies and is committed to innovating new products through research and development. We regularly sponsor our employees to attend external training to further enhance their technical know-how. We have continually upgraded our products with a view to improving performance. Our Directors believe that this allows our Group to respond to our end-users' needs in a timely manner, and to keep ourselves ahead of the competition.

Our extensive sales and distribution network covering a strong and diversified range of end-users through our channel partners

We have established an extensive distribution network since our establishment in 2006 to facilitate the sale of our products. As at 31 May 2016, we had 12 channel partners with whom we had entered into channel partner agreements, which act as the distributors of our products and provide support services to end-users. Our distribution network through our channel partners covers about 12 countries. Through our channel partners, our products can reach end-users in other countries in South East Asia and the Middle East, including Qatar and the UAE. For further details of our sales and distribution, please refer to the section headed "Business — Sales and Distribution" in this prospectus.

In order to maintain and foster relationships with our channel partners, we regularly provide product education, training courses, newsletters on our latest developments and marketing support to our channel partners. We regularly communicate with our channel partners to understand their challenges and needs and collect feedback on our products.

Apart from taking full advantage of our channel partners' sales networks to make available our products to a wide range of end-users in different areas, we have also developed our own sales network through direct sales to our customers.

We believe that our sales and distribution network has strengthened our marketing ability and expanded our market reach. It also allows our products to reach a wide range of industry sectors.

BUSINESS

Our top five customers during the Track Record Period included multi-national companies and state-owned enterprises in Singapore. Two of our top five customers during the Track Record Period were our channel partners. We have established long-term business relationships with these customers. As at the Latest Practicable Date, we had maintained business relationships with our top five customers for approximately one to five and a half years. Furthermore, we have built up a diversified user base as our end-users come from a wide range of industry sectors, including commercial real estate, government, healthcare, education, utilities and oil and gas. Our Directors believe that with a strong and diversified base of customers and end-users, we will be able to continue to realise business opportunities and maintain our market position.

Our dedicated and experienced management team

Mr. Lau and Mr. Ong, who are our Founders and executive Directors, possess vast experience in the industry. Mr. Lau has over 16 years of experience in the software industry and Mr. Ong has over 16 years of experience in project management, technical design and the development of large scale enterprise projects. They provide strategic direction and vision to our Group and have been instrumental in bringing success to our Group. They lead a team of senior management with sound technical knowledge and solid experience in enterprise application software and energy management. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details of Mr. Lau, Mr. Ong and our senior management.

Supported by a team of high calibre software and hardware engineers, our Directors believe that we will be able to continue to capitalise on the industry expertise, professional management skills and strong capability of our senior management team, and successfully formulate and implement our business strategies in the industries where we operate.

BUSINESS STRATEGIES

Our principal business objective is to further strengthen our position as a provider of enterprise application software and energy management system, and become a market leader in Asia for our products. Our mission is to empower enterprises with modern big data business analytics and monitoring technologies so that they can improve their business performance, gather business intelligence and ultimately enhance financial performance. By adopting the business strategies set out below, we plan to continue to expand our market share and strengthen the market position of our business.

Enhance and expand our product offerings and to acquire server infrastructure to support our new products launches

We believe that introducing new products that satisfy our end-users’ needs are crucial to our long-term success and profitability. We aim to continue to explore new business opportunities and further diversify our revenue streams. To this end, we regularly hold internal meetings to plan for introducing new products and improving our existing product offerings. In order to obtain inspirations for enhancing and expanding our product offerings, we regularly communicate with our customers to obtain their feedback, understand their needs and identify market trends.

BUSINESS

Leveraging our solid research and development capabilities and our deep domain knowledge, we are currently working on various research and development projects to enhance and expand our product offerings. We are developing the Tesseract, an advanced Internet of Things smart metering and controlling platform for **Starlight**. We expect that Tesseract would be popular with facility owners who need advanced energy and power quality monitoring and management solutions. We are also developing the utilities revenue assurance portal myBill.sg, which is expected to provide comprehensive solutions, including accounts and billing management to Energy Retailers in a liberalised energy market in Singapore. To prepare for the trial launch of myBill.sg in around June and July 2017, we plan to acquire and set up additional server infrastructure comprising six to eight servers located in Singapore which would be funded by the net proceeds from the Placing. The additional server infrastructure will have an expected availability of approximately 99.5% and is expected to support the expected growth of myBill.sg for about five years. We will also strengthen our efforts in supporting our official launch of **SpaceMonster**. Revenue from myBill.sg and **SpaceMonster** will be derived on a transaction basis as we will charge a fee pegged to the relevant transactions.

We currently derive revenue from **Simplicity** and **Starlight** from (i) the on-premise delivery of **Simplicity** and **Starlight** and the provision of maintenance and support services following implementation; and (ii) delivering these products based on the SaaS model. We believe that the SaaS model allows us to attract more customers as SaaS customers will be able to use our products without incurring the significant upfront investment required for product licences, hardware as well as initial installation and implementation under the on-premise delivery model. SaaS customers do not need to provide and maintain their own IT infrastructure since data is stored in the cloud platform provided by us. Going forward, we expect that we will derive a greater proportion of our revenue from the SaaS model.

The total expenditure for the above plans is expected to be funded by the proceeds from the Placing. If there is a shortfall in funding, such expenditure would be financed by our internal resources.

Strengthen our sales and marketing efforts, and reinforce our brand and product image

As we believe that we can build a stronger brand by strengthening our sales and marketing efforts, we plan to build a sales and channel management team based in Malaysia. We also intend to set up marketing offices in Hong Kong and the Middle East to promote our products and expand the geographical reach of our sales and marketing efforts. In addition, to further enhance our brand and product image after the Listing, we would recruit a dedicated business development, sales and channel management team which will be responsible for the development of sales opportunities, expansion of our channel partner network in South East

BUSINESS

Asia, the Middle East, Hong Kong and the PRC. We would also engage professional parties to organise corporate and product branding campaigns, and participate in more international conferences and exhibitions. We intend to launch a series of marketing campaigns to support the official launch of **SpaceMonster**. We also plan to acquire more channel partners to further expand our sales and distribution networks and to facilitate our product sales.

The total expenditure for the above plans is expected to be funded by the proceeds from the Placing. If there is a shortfall in funding, such expenditure would be financed by our internal resources.

Acquire a company in Hong Kong or the PRC and a company in Qatar or the UAE

Our Directors believe that in an increasingly competitive business environment, strategically acquiring a company in Hong Kong or the PRC, and a company in Qatar or the UAE the target company should specialise in providing enterprise software with a market focus similar to **Simplicity** or energy management solutions. We believe that this will allow our Group to expand our geographical reach in line with our sales and marketing plans, enlarge our customer base and expand our pool of research and development experts.

Our Company's management has successfully overseen the expansion into the Malaysian market in 2012, and has also successfully secured and delivered contracts in locales as diverse as Algeria, Saudi Arabia, UAE, Qatar, as well as PRC and Taiwan through channel partners. Thus, we are not unfamiliar with international expansion. The table below sets out the revenue contribution to our Group from projects deployed to various locations through channel partners during Track Record Period:

For the financial year ended 31 May 2015

Location	Amount S\$	Revenue Contribution %
Singapore	6,745,640	92.10%
Malaysia	340,445	4.65%
China	99,242	1.35%
Brunei	62,592	0.85%
Qatar	58,328	0.80%
Myanmar	9,142	0.12%
Taiwan	7,207	0.10%
India	2,000	0.03%
	<u>7,324,596</u>	<u>100.00%</u>

BUSINESS

For the financial year ended 31 May 2016

Location	Amount S\$	Revenue Contribution %
Singapore	10,825,152	97.61%
Malaysia	110,767	1.00%
Brunei	60,323	0.54%
China	58,807	0.53%
Qatar	29,240	0.26%
Taiwan	4,491	0.04%
Myanmar	1,500	0.01%
	<u>11,090,280</u>	<u>100.00%</u>

Historically, our Group also had project deployments to other locations such as Algeria, Saudi Arabia, and the UAE. The average historical revenue contributions from financial years 2010 to 2014 are set out in the table below:

Location	Average historical revenue contribution (%)
Algeria	0.6%
Saudi Arabia	2.2%
UAE	4.4%

Our products are subject to different localisation requirements depending on the type of our products and the locations where they are used. For **Simplicity**, the key requirements that affect localisation are (i) language, (ii) compliance with local accounting standards, and (iii) supports for local sales/value added tax rules. Our **Simplicity** currently supports multiple languages in addition to English, including traditional and simplified Chinese. At present, the IFRS on which **Simplicity** financial management is designed is well adopted in the new markets which we plan to expand into, namely Hong Kong and the Middle East, with the exception of the PRC that adopts the PRC accounting standards, or China Generally Accepted Accounting Principles. Notwithstanding this, we have experience in deploying the software in the PRC, and have not encountered localisation problems with the accounting standards and rules in the PRC. For **Starlight**, the smart meters are certified to international standards (International Electrotechnical Commission or IEC), especially IEC 65032. IEC standards are recognised by almost all countries in the world, and the only standards adhered to by Singapore, Hong Kong and the Middle East. In the PRC, the equivalent Guobiao standard is GB/T17215. Similar to the product certification process completed for other overseas markets as mentioned above, our Group will need to certify for GB/T17215 with a third party testing institution. However, our Directors do not foresee any problems in meeting these requirements.

With reference to the Hong Kong market, we believe that Hong Kong is similar to Singapore in terms of geographical size, geopolitical environs, population, culture, industrial base (with commercial real estate being the dominant industry) and jurisdiction (both descended from British law). Thus, we believe Hong Kong is a natural expansion target for our Company. In fact, since our last fund-raising exercise in 2013, Hong Kong has already been a target expansion market. We are planning to use Hong Kong as a springboard to the PRC market.

BUSINESS

To facilitate the market expansion and equip our Company with a local team and ready customer base, we intend to acquire local companies in Hong Kong and the Middle East as part of the listing use of proceeds. The proceeds allocations are estimated based on a target company size of approximately 10 staff with an annual net profit of S\$200,000 to S\$400,000, with a profit-earnings ratio of 5 for a IT service company, the estimated valuation would be between S\$1 to S\$2 million for each company.

As at the Latest Practicable Date, we had not identified any suitable target and will only commence identifying targets after Listing. Once an acquisition target is identified, we will conduct due diligence on the target company, and upon review of the results of the due diligence exercise, we will proceed to negotiation of the terms for the proposed acquisition.

We will select our acquisition targets based on various criteria, including (i) acquisition price and related costs (including the ask price of the target companies and legal and due diligence costs); (ii) the financial results and performance of the target companies (including the amounts of cash, real property, intangible assets and other fixed assets and the amounts of debts and liabilities); (iii) the target companies' experience in the IT industry (including the target companies' track record in the industry segments which our Group is focusing on); (iv) the expertise and qualifications of the staff of the target companies (including the number of skilled staff and their qualifications and whether any retention programmes such as employees share option schemes have been or can be adopted); (v) the customer base of the target companies (including the value of existing contracts, the number of long-term customers, feedback from customers and sales pipelines) and (vi) the market conditions of the relevant local market (including the market share of the target companies and local regulatory requirements).

The total expenditure for the above plans is expected to be funded by the proceeds from the Placing. If there is a shortfall in funding, such expenditure would be financed by our internal resources. For details of our expansion plan by acquisitions, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

Set up a manufacturing, assembly and testing plant for our hardware components

There is a limited number of qualified contract manufacturers in Southeast Asia. As at the Latest Practicable Date, we had subcontracted the primary production and assembly of the hardware component of **Starlight** to a single subcontractor. We plan to set up a manufacturing, assembly and testing plant in Malaysia so that we can have better control over the production and assembly process. The plant will be equipped with infrastructure and facilities for manufacturing, assembly, testing and calibration. The plant is expected to be ready for use by 2019. We expect to allocate a team of approximately 25 members to run and operate the plant. The plant is expected to have a production capacity of 15,000 meters per month. We intend to lease a property in Malaysia for this purpose. As at the Latest Practicable Date, we had not identified any target property for the establishment of the manufacturing, assembly and testing plant. For details on the benefits expected to be achieved by having our own manufacturing plant instead of relying on a subcontractor, please refer to the section headed "Future Plans and — Use of Proceeds Use of Proceeds — To set up a manufacturing, assembly and testing plant" on page 290 of this prospectus.

The total expenditure for the above plans is expected to be funded by the proceeds from the Placing. If there is a shortfall in funding, such expenditure would be financed by our internal resources.

Expand our senior management team

We believe that our success depends upon our ability to hire and cultivate experienced and motivated members of our senior management team. We will continue looking for management talents with high calibre to join our experienced and dedicated senior management team. Our Directors believe that expanding our senior management team will bring enhanced leadership and vision to our Group and contribute to our continued growth.

The expenditure for the above plan would be financed by our internal resources.

PRODUCTS

Our Group's major products are (1) **Simplicity**, and (2) **Starlight**.

Simplicity

Simplicity is a package of enterprise application software solutions which are easy to use and simple to implement. It has six core software application suites, which are set out below:

- **Simplicity** enterprise asset management
- **Simplicity** shared resources management
- **Simplicity** tenancy management
- **Simplicity** financial management
- **Simplicity** customer relationship management
- **Simplicity** supply chain management

While each core software application suite of **Simplicity** is fully integrated to other core software applications of **Simplicity**, each core software application can also be deployed as a standalone software application.

We believe the benefits of our enterprise application software solutions for our customers include the following:

Increased revenues. Our solutions aim to enable our customers to increase their revenues by improving their sales and marketing effectiveness, optimising their pricing and occupancy and improving collection of rental payments, utility expenses, late fees and other charges.

Reduced operating costs. Our solutions aim to help our customers reduce costs by streamlining and automating many ongoing property management functions.

Improved quality of service for tenants. Our solutions aim to improve the level of service that property owners and managers provide to their tenants by allowing certain types of transactions to be completed online, expediting the processing of lease offers, maintenance service requests and payments and increasing the frequency and quality of communication with their tenants.

BUSINESS

Streamlined and simplified business processes. Our on-demand platform provides integrated solutions for managing a wide variety of processes that have traditionally been managed by separate manual or disaggregated applications. Our solutions utilise common authentication that enables data sharing and workflow automation of certain business processes, thereby eliminating redundant data entry and simplifying many recurring tasks.

Simple implementation and support. Our solutions include pre-configured extensions that meet the specific needs of our customers and can be easily tailored by our customers to meet more specific requirements of their properties and business processes.

Simplicity Enterprise Asset Management

Simplicity enterprise asset management is a solution that assists organisations with asset and maintenance management. It consists of two modules, namely the asset management module and the maintenance management module, supplemented with a comprehensive list of reports. The table below sets out its key features:

Modules	Key Features
Asset Management	<p>The asset management module maintains a comprehensive asset register, tracking all relevant asset data including equipment-specific parameters, maintenance plans, safety checklists as well as location-specific details.</p> <p>The asset management module supports a configurable asset hierarchy that allows for a logical grouping of locations and equipment. The module provides users with the flexibility to browse and access asset data either from a functional system-based perspective or a physical location-based perspective.</p>
Maintenance Management	<p>The maintenance management module is where all maintenance and engineering work activities, both ad-hoc and scheduled, are managed and tracked. It provides support for the creation and management of the entire work order process, including ensuring conformance to specific job plans for fault resolution.</p>

BUSINESS

Set out below are selected screenshots of **Simplicity** enterprise asset management:

Work **+ CREATE NEW**

Work Order Number, Description

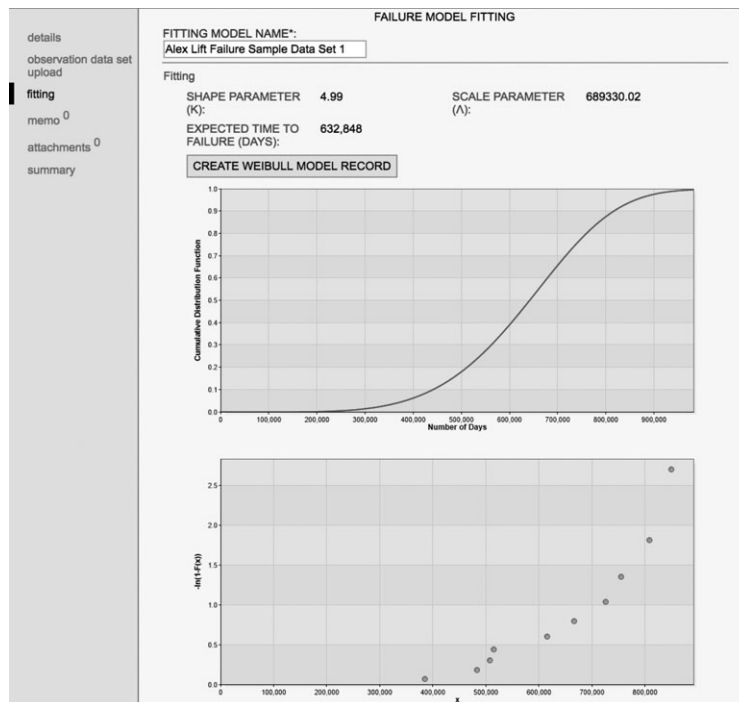
SHOW ADVANCED SEARCH

SHOW GANTT CHART **+ ASSIGN TECHNICIAN** **SYSTEM ASSIGN**

X DELETE SELECTED

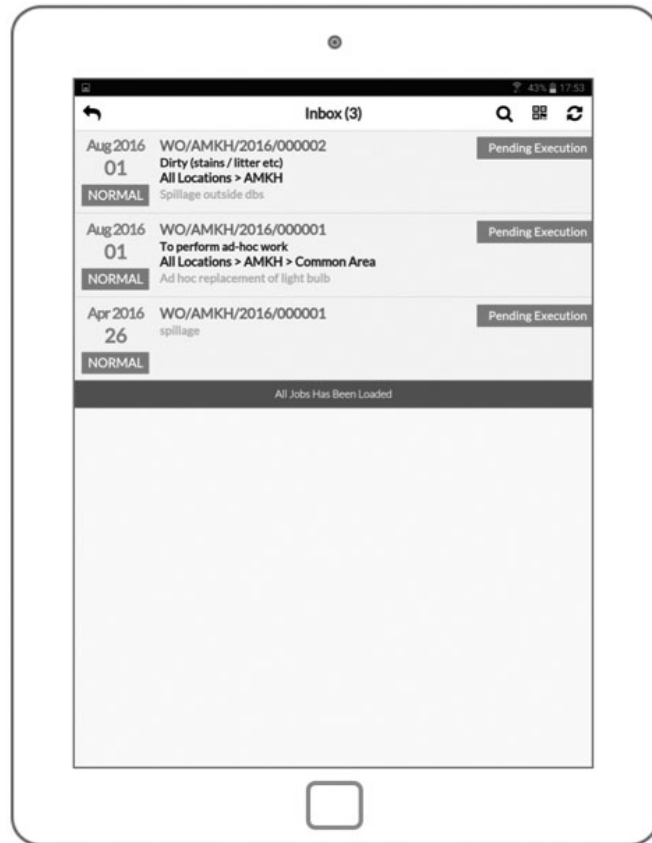
	WORK NUMBER	CASE NUMBER	LOCATION	WORK DESCRIPTION	TYPE OF WORK	TYPE OF SERVICE	STATUS	RECOVERABLE STATUS	CREATED DATE TIME
<input type="checkbox"/>	WO//2016/000001		All Locations > Alexandra Point	TEST	Corrective Work (CW)	(CW) Electrical Switchboards	Pending Permit to Work	N/A	6/9/2016 3:33:51 PM
<input type="checkbox"/>	WO/RBR/2016/000001		All Locations > Robertson Walk > Retail > Level 01 > #01-01	Complain about aircon	Corrective Work (CW)	(CW) Air-Conditioning	Cancelled	Pending Recover	6/2/2016 9:45:23 AM
<input type="checkbox"/>	WO/ZD/2016/000001		All Locations > zDummy	Air Con Problem	Corrective Work (CW)	(CW) Air-Conditioning	Pending Permit to Work	N/A	5/31/2016 5:55:53 PM
<input type="checkbox"/>	WO//2016/000001		All Locations > Harbourfront Precinct > Bldg 1 > Level 1 > #01-01	test 中国银行股份有限公司北京朝阳支行 - 2260150	Corrective Work (CW)	(CW) Air-Conditioning	Pending Execution	N/A	5/24/2016 4:23:16 PM
<input type="checkbox"/>	WO//2016/000003		All Locations > Alexandra Point	TEST	Ad-Hoc Work (AW)	(AW) Ad-Hoc Work	Pending Execution	N/A	4/15/2016 10:29:36 AM
<input type="checkbox"/>	WO//2016/000002		All Locations > Alexandra Point	TEST	Ad-Hoc Work (AW)	(AW) Ad-Hoc Work	Closed	N/A	4/14/2016 2:29:47 PM
<input type="checkbox"/>	WO//2016/000001		All Locations > Alexandra Point	TEST	Ad-Hoc Work (AW)	(AW) Ad-Hoc Work	Pending Execution	N/A	4/14/2016 9:34:28 AM
<input type="checkbox"/>	WO/AMKH/2016/000001	#00000059	All Locations > AMKH	test	Ad-Hoc Work (AW)	(AW) Ad-Hoc Work	Closed	N/A	4/12/2016 1:45:21 PM
<input type="checkbox"/>	WO//2016/000008		All Locations > Alexandra Point	TEST	Ad-Hoc Work (AW)	(AW) Ad-Hoc Work	Pending Execution	N/A	3/29/2016 11:18:50 AM

(List of maintenance work orders managed by **Simplicity** enterprise asset management)



(Prediction of remaining useful life of equipment by **Simplicity** enterprise asset management)

BUSINESS



(Mobile app interface of **Simplicity** enterprise asset management)

BUSINESS

Simplicity shared resources management

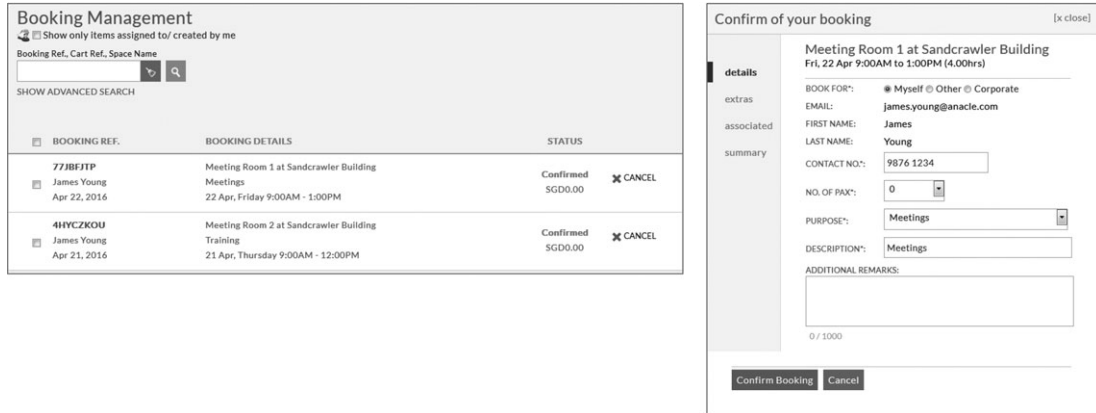
Simplicity shared resources management is a solution that assists end-users in resources and facilities booking management, including resources register setup, as well as management of resource bookings. It consists of two modules, namely the resource management module and the bookings management module, supplemented with a comprehensive list of reports. The table below sets out its key features:

Modules	Key Features
Resource Management	The resource management module allows end-users to define resources that can be shared, such as meeting rooms and projection equipment. End-users can define charges and rules on how resources can be shared.
Bookings Management	The bookings management module provides a single automated mode of booking for shared facilities, rooms and resources. The module works with real-time space and asset information to enable users to book various facilities and resources based on a set of configurable business rules.

Set out below are selected screenshots of **Simplicity** shared resources management:

The screenshot displays the user interface for searching and booking meeting rooms. On the left, there is a search section titled "Search your space" with a text input field for keywords, a search button, and a "SHOW ADVANCED SEARCH" link. Below this is a "VENUE:" dropdown menu currently set to "Any Venue". Three meeting room options are listed with small images and details: "meeting room 2" (25m², 15pax), "meeting room 1" (40m², 30pax), and "meeting room 3" (25m², 15pax). The main area is a calendar for "22-Apr-2016" showing "Earliest availability". It features three columns for "Meeting Room 2", "Meeting Room 1", and "Meeting Room 3". The calendar grid shows time slots from 9 AM to 5:30 PM in 30-minute increments. Meeting Room 2 is available from 9 AM to 12:30 PM. Meeting Room 1 is available from 1:00 PM to 5:30 PM. Meeting Room 3 is available from 9:30 AM to 5:30 PM.

(End-users of **Simplicity** shared resourced management can easily search and select their desired meeting rooms and timeslots)



Simplicity tenancy management

Simplicity tenancy management is a specialised solution for the management of leases and other real estate revenue streams for commercial landlords, including the management of tenants, lease offers, leases and temporary occupation licences. It consists of three modules, namely, the space management module, the prospecting management module and the lease management module. The table below sets out its key features:

Modules

Key Features

Space Management

The space management module manages the spatial information of the end-users' commercial properties. It supports a configurable property structure and stores a comprehensive range of property details. It also allows end-users to define leasable properties and their commercial characteristics (such as net leasable area and rental rate limits).

Prospecting Management

The prospecting management module manages the entire lease prospecting life cycle, beginning with prospect registration, vacancy search, negotiation, management approval, formal offer and quotation, and ends with final customer acceptance.

Lease Management

The lease management module provides powerful and comprehensive functionalities for the management of leases from their commencement to their expiry and the eventual takeover of the leased units.

BUSINESS

Set out below selected screenshots of **Simplicity** tenancy management:

The screenshot shows the 'Simplicity' software interface. At the top, there is a navigation menu with various categories. Below the menu, there are tabs for 'inbox 1403', 'calendar', 'announcements 1', 'pinboard', and 'floor plan'. The 'floor plan' tab is active, displaying a detailed floor plan of a building with various office units. A legend at the bottom indicates that different colors and symbols represent 'Vacant Unit', 'Under Maintenance', and 'Lease'. To the left of the floor plan, there are two tables: 'Vacant Unit Listing' and 'Lease Listing'.

SELECTED	UNIT #	ASKING PRICE / MONTH
<input type="checkbox"/>	#02-01	10.00

LEASE #	LEASE STATUS
TA/ASC/1510/0013	Active

(Floorplan view of vacant and occupied units of building)

The screenshot shows the 'LEASE' record in the software. It includes a sidebar menu on the left and a main content area with the following details:

LEASE
 LEASE NUMBER: TA/ASC/1510/0013
 STATUS: Active
 CUSTOMER: Michael Wong
 COMMENTS: 0 / 500
 CURRENT ACCOUNT BALANCE: 40,034.00
 DUE SINCE: 05-Oct-2015
 LEASE OFFER NO.: LO//1510/0004
 LEASE TYPE: Office Grade A
 TRADE TYPE:
 SUB-TRADE TYPE:
 LAST ARREARS NOTICE SENT:
 LEASE ASSIGNMENT NO.:
 SPACE TYPE: Commercial
 USAGE TYPE: Data Center

Space Details

SPACE	NLA (SF)	CLIMATE CONTROL?	LAYOUT TYPE
All Locations > Robertson Walk > Office > Level 02 > #02-02	750.00	Yes	
	750.00		

(Sample of lease record demonstrates the extensive nature of data captured by **Simplicity** tenancy management)

Simplicity financial management

Simplicity financial management is a solution for the management of financial-related activities for organisations, including setting up of books, producing financial and management reports, tracking of accounts payable and receivable and real-time monitoring of budgets. It consists of five modules, namely general ledger, receivables management, payables management, budget management and fixed asset management. The table below sets out its key features:

Modules	Key Features
General Ledger	The general ledger module provides flexible and powerful tools for the setting up and maintenance of charts of accounts, general journals, summary accounts as well as financial periods.
Receivables Management	The receivables management module allows end-users to optimise their cash flow position by managing your accounts receivable processes and tracking customer payment activities. It also provides tools for the computation of late payment interest and management of arrears.
Payables Management	The payables management module provides end-to-end cash management services with flexible and integrated accounts payable functionalities.
Budget Management	The budget management module allows for the creation, management and monitoring of activity-specific income and expense budgets.
Fixed Asset Management	The fixed asset management module allows end-users to track the value of their portfolio of capital assets, such as properties, plants and equipment.

BUSINESS

Set out below are selected screenshots of **Simplicity** financial management:

GL ACCOUNT

GL ACCOUNT CODE:
ACL-DCC-7008-P&P

GL ACCOUNT NAME:
Anacle, Default Cost Center, Maintenance Service Charge, Properties

Details

BUSINESS ENTITY:

COST CENTRE:

NATURAL ACCOUNT:

ACTIVITY:

GL ACCOUNT NAME:

TYPE: **Line Item**

Yes, allow funds check.

Yes, allow posting to Budget.

Yes, allow posting to Encumbrance.

Yes, allow posting to Commitment.

POSTING: Yes, allow posting to Actual. ACTUAL BALANCE (\$\$): 0.00

[VIEW ACCOUNTING ENTRIES](#)

(Configuration and set-up of general ledger chart of accounts)

Invoice To Customer + CREATE NEW

what is the invoice number, customer's ID, customer's name, customer account number, customer account name, Business Entity Code or Business Entity Name?

SHOW ADVANCED SEARCH:

	BUSINESS ENTITY	INVOICE NUMBER	INVOICE TYPE	UEN/NRIC/ID	CUSTOMER NAME	ACCOUNT NUMBER	INVOICE DATE	DUE DATE	AMOUNT + TAX (\$)	STATUS
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160010	Lease	K1234567		TA/DUM/1604/0002	01-May-2016	15-May-2016	107.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160009	Lease	K1234567		TA/DUM/1604/0002	01-Apr-2016	15-Apr-2016	107.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160008	Lease	K1234567		TA/DUM/1604/0002	16-Mar-2016	30-Mar-2016	55.22	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160007	Lease	K1234567		TA/DUM/1604/0002	18-Apr-2016	02-May-2016	307.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160006	Lease	K1234567		TA/DUM/1604/0001	01-Jun-2016	15-Jun-2016	1,070.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160005	Lease	K1234567		TA/DUM/1604/0001	01-May-2016	15-May-2016	1,070.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160004	Lease	K1234567		TA/DUM/1604/0001	08-Apr-2016	22-Apr-2016	820.34	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160003	Lease	K1234567		TA/DUM/1604/0001	08-Apr-2016	22-Apr-2016	2,107.00	Committed
<input type="checkbox"/>	0000 - Dummy Business Entity	INV/DUM/1603/0003	Licence	ASGD7895654J		#00000001	08-Mar-2016	05-Aug-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160002	Lease	ASGD7895654J		#00000001	08-Mar-2016	05-Aug-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	DUM/LSE/160001	Lease	ASGD7895654J		#00000001	08-Mar-2016	22-Mar-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	#00000090	Lease	ASGD7895654J		#00000001	08-Mar-2016	05-Aug-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	#00000089	Lease	ASGD7895654J		#00000001	08-Mar-2016	22-Mar-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	#00000088	Lease	ASGD7895654J		#00000001	08-Mar-2016	29-Mar-2016	1,070.00	Pending Approval
<input type="checkbox"/>	0000 - Dummy Business Entity	INV/DUM/1603/0002	Lease	ASGD7895654J		#00000001	08-Mar-2016	29-Mar-2016	1,070.00	Pending Approval

(List of invoices generated by **Simplicity** financial management)

Simplicity Customer Relationship Management

Simplicity customer relationship management is a solution that assists end-users in customer relationship management. It consists of three modules, namely the customer 360 database module, the helpdesk case management module and the service quality management module. The table below sets out its key features:

Modules	Key Features
Customer 360 database	The customer 360 database module provides a centralised register of prospective customers, customers and callers information. It keeps track of key customers' information as well as all pertinent data (such as organisation and caller profile). End-users can also organise corporate customers into hierarchical structures, and tie necessary contacts to the correct positions and relative importance.
Helpdesk Case Management	The helpdesk case management module allows organisations' customer service officers to log and track complaints, feedback and service requests. The logged cases are grouped into various categories. The customer service officers can then dispatch the cases to the relevant service personnel for follow-up, and continue to monitor the resolution progress. This module supports various dispatch modes, including two-way wireless text messaging (SMS) and email.
Service Quality Management	<p>The service quality management module allows end-users to manage and benchmark services rendered during the organisation's operational activities.</p> <p>The module also helps ensure the delivery of reliable, efficient and measurable service levels to its clients by providing tools for the management of service level agreements ("SLA"). Each SLA consists of an escalating set of timings that is established for pre-defined milestones in the service lifecycle. If the timings are breached, the next level in the escalation hierarchy can be notified of the service breach by multiple means (such as email) so that immediate remedial action can be taken. The SLA set-up can also be extended to benchmark contractor performance and identify non-performing vendors. In addition, end-users can design client surveys, and schedule and dispatch them online. End-users' customers can take the surveys over a web portal, and end-users can analyse the survey results using reports provided by the system.</p>

BUSINESS

Set out below are selected screenshots of **Simplicity** customer relationship management:

CUSTOMER

JEN/NRIC/ID*:

CUSTOMER NAME*:

CUSTOMER CODE*:
Default Customer Code is the first word followed by initials of following words. E.g.: Anacle Pte. Ltd. = Anacle PL

CUSTOMER NAME ON CORRESPONDENCE*:

21 / 255

CURRENTLY BLACKLISTED?:

IS PROSPECT?:

TYPE*:
 Individual
 Corporate
 Sole Proprietorship/Partner
 Miscellaneous

IS TENANT:

IS LANDLORD:

IS RELATED:

NATURE OF BUSINESS:

(Sample of customer 360 record)

WELCOME, MAKAAN MUMBAI (MAKAAN MUMBAI)
[Edit Profile](#)

HOME YOUR CO ENERGY DOCUMENTS CONCERGE FEEDBACK FACILITIES LOGOUT
PROFILE DASHBOARD E FORMS

NEWS UPDATES

20 JUN MON **SURVEY**
Quarterly Tenant Feedback for Q1 2011

ENERGY DASHBOARD

Meter Reading for Past 6 Months

Month	Electricity	Water
Jan-2011	160	100
Feb-2011	350	100
Mar-2011	350	100
Apr-2011	300	100
May-2011	350	100

MY REQUESTS

[VIEW HISTORY]

Date	Request	Status
21 FEB TUE	HANDYMAN Air-con needs hung Ref No: W20110300001	PENDING ACK.
14 OCT FRI	AIR-CON EXTENSION daily recurrence Ref No: W20110300004	PENDING ACK.
16 SEP FRI	HANDYMAN Please fix air-con. Ref No: W20110300001	PENDING ACK.
17 AUG WED	AIR-CON EXTENSION Aircon extension today Ref No: W20110300004	PENDING ACK.
11 AUG THU	AIR-CON EXTENSION Ref No: W20110300003	PENDING ACK.
11 AUG THU	FOOD DELIVERY We need an urgent cater of fresh caviar for our Abu Dhabi guests coming on 28th August. Please ensure the batch comes into our kitchen before 10AM. Contact Joe Shah. Ref No: W20110300002	PENDING ACK.

(Sample of customer care portal)

Simplicity Supply Chain Management

Simplicity supply chain management is a solution for the management of supply chain-related activities for organisations, including the management of vendors, logistics, procurement as well as term contracts. It consists of three modules, namely inventory management, procurement management and contract management, supplemented with a comprehensive list of reports. The table below sets out its key features:

Modules	Key Features
Inventory Management	The inventory management module provides comprehensive capabilities for the management of raw material stock, maintenance repair, and operation spares and consumables across multiple stores. For extended flexibility, the module supports both a global inventory catalog as well as individual store-specific catalogs. Store managers can perform stock issue and receipt, loan and return as well as inter-store transfers. They can also configure inventory parameters such as re-order quantities and conduct analysis to identify the most important stock-keeping units, rate of usage and the cost of inventory by individual cost centre.
Procurement Management	<p>The procurement management module allows organisations to manage the entire procurement process, from the purchase requisition stage, requests-for-quotation, purchase orders, to final goods receipt and invoice matching. The module manages multiple types of purchasing with full multi-currency support, including ad-hoc purchases, blanket purchasing agreements, as well as term contracts. Fixed or variable pricing agreements can be defined and attached to the purchases.</p> <p>When used together with the budget module from the Simplicity financial management, end-users can perform fund availability checks before raising of purchase requisition, place encumbrance on budget account, and consume budget balances when purchase orders are approved and issued.</p>
Contract Management	The contract management module provides comprehensive tools for the management of the life-cycle of service contracts, from creation, maintenance, renewal to termination.

BUSINESS

Set out below are selected screenshots of **Simplicity** supply chain management:

PROCUREMENT SETTINGS

Applicability

BUSINESS ENTITY*: AMKH - AMKH, ACL - Anacle, ASC - Ascendas, 1001 - Business Entity 1 Under Level 1, 1002 - Business Entity 2 Under Level 1, 0000 - Dummy Business Entity, 100001 - Fraser Centrepoint, MPA - Maritime and Port, SPHR - SPH REIT, 200 - test entity

TRANSACTION TYPE*: General > Capex, General > Emergency, General > Opex

Procurement

BUDGET VALIDATION POLICY*: Budget consumption must be equal to line items, Budget consumption must be less than or equal to line items, No validation

Purchase Requests

AUTO CLOSING*: Do not auto close PR, Auto close PR when all line items generated into approved RFQs/POs

(End-users can set up a complex array of procurement policies for their organisations)

URGENT REQUEST FOR QUOTATION

START

View Workflow History View Workflow

BUSINESS ENTITY*: ACL - Anacle

TRANSACTION TYPE*: FM

DESCRIPTION*: This is a request for quotation

31 / 1000

BACKGROUND:

0 / 1000

SCOPE:

0 / 1000

DATE REQUIRED*: 01-Apr-2016

DATE END*: 30-Apr-2016

TENDER REQUIRED?*: Is required tender?

WARRANTY REQUIRED?*: No, this RFQ has no warranty, Yes, this RFQ has warranty

(Sample request for quotation record)

Revenue model

We derive revenue from **Simplicity** from (i) on-premise delivery of **Simplicity** and provision of maintenance and support services following delivery; and (ii) SaaS delivery of **Simplicity**.

On-premise delivery of **Simplicity**

Under the on-premise delivery model, **Simplicity** is installed and run on computers or servers on our customers' premises, which generally offer more customisations and require more technical support. Our customers have to pay for the implementation and licensing of **Simplicity** upfront by various stages. The fees we charge under this model generally include the provision of maintenance and support services for 12 months. Where our customer is an organisation in the public sector, before the commencement of warranty, we generally provide additional stabilisation services for approximately three months during which we will send our representatives to our customer's office to assist them in implementing and operating the system. Following implementation, we provide maintenance and support services to our customers by charging them on a monthly, quarterly or annual basis. The on-premise delivery model is generally more popular among large enterprises as data is stored in the IT infrastructure in the portals within our customers' premises. This would ensure better data security within the customer's data center while also allowing the customer to have more requirements on customisation and tailor-made solutions.

SaaS delivery of **Simplicity**

We also deliver **Simplicity** based on the SaaS model. Under the SaaS model, **Simplicity** is delivered on a recurring subscription basis and data of our customers is stored in a cloud-based platform maintained by us. The recurring subscription fee already includes licensing of software and provision of cloud hosting, maintenance and support services. As such, the SaaS delivery model requires a substantial upfront investment by us to set up the entire infrastructure, such as servers, data centres hosting and network security licenses. Professional services for implementation and customisation of **Simplicity** is separately paid by our customers.

Under the SaaS delivery model, **Simplicity** is offered to our customers at a subscription fee and it is run remotely via our cloud-based platform. Our Directors are of the view that the SaaS delivery model is generally more appealing to small and medium-sized enterprises because its initial setup cost is lower and it requires less IT support. However, the products offered via the SaaS model are more standard and common with less customisations. We expect that the SaaS delivery model will allow us to attract more customers, especially small and medium-sized enterprises, to purchase **Simplicity**, thus diversifying our sources of revenue.

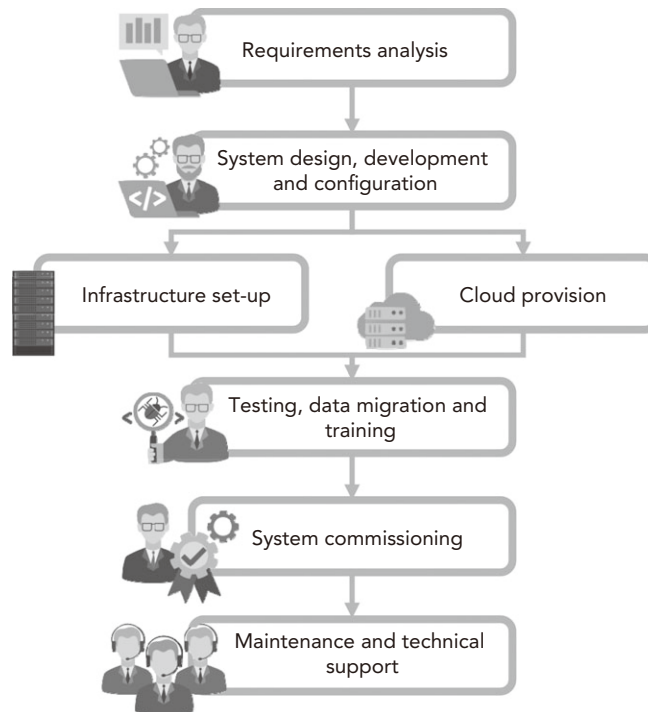
BUSINESS

We generate revenue from **Simplicity** from two sources:

- (i) project-based revenue generated at the initial installation phase under the on-premise model and the SaaS model; and
- (ii) recurring service income generated by the provision of recurring maintenance and supporting services under the on-premise model and the subscription fees generated under the SaaS model.

The Workflow of **Simplicity**

The chart below illustrates the typical workflow of **Simplicity** projects:



BUSINESS

The table below describes the details of each step in the above workflow:

Requirements analysis	In this stage, we will identify the key strategic objectives of our customers and understand their business and technical requirements.
System design, development and configuration	In this stage, we will set up and customise Simplicity to meet the customer requirements.
Infrastructure set up	This stage of work includes the installation, configuration and commissioning of hardware and system software on the customers' premises. This stage only applies to the on-premise delivery model.
Cloud provision	We will allocate resources in our cloud platform to customers. This stage only applies to the SaaS delivery model.
Testing, data migration and training	We will carry out quality control tests to verify the proper functioning of the system and compliance with specifications. Data from the old system will be migrated to the new system. We will also provide training to the customers in order to equip them with the appropriate operating knowledge.
System Commissioning	Simplicity is deployed for use. About three to six months after system commissioning, we generally meet with the customers to identify areas of improvement and prepare follow-up action plans.

The duration of the above steps may vary due to a wide range of factors including scope of work, technical complexity and requirements of customers. The duration of the above steps generally fall within the range of approximately three months to 24 months. The duration may occasionally be lengthened due to additional requests made by our customers.

Ongoing maintenance and technical support

We provide maintenance and support services to customers after **Simplicity** is deployed for use. For further details of our maintenance and support services, please refer to the paragraph headed “Business — Warranty, Maintenance and Technical Support Services” in this section.

Starlight

Starlight is a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles which helps the end-users to better manage their energy usage and save costs. End-users of **Starlight** include building owners and Energy Retailers.

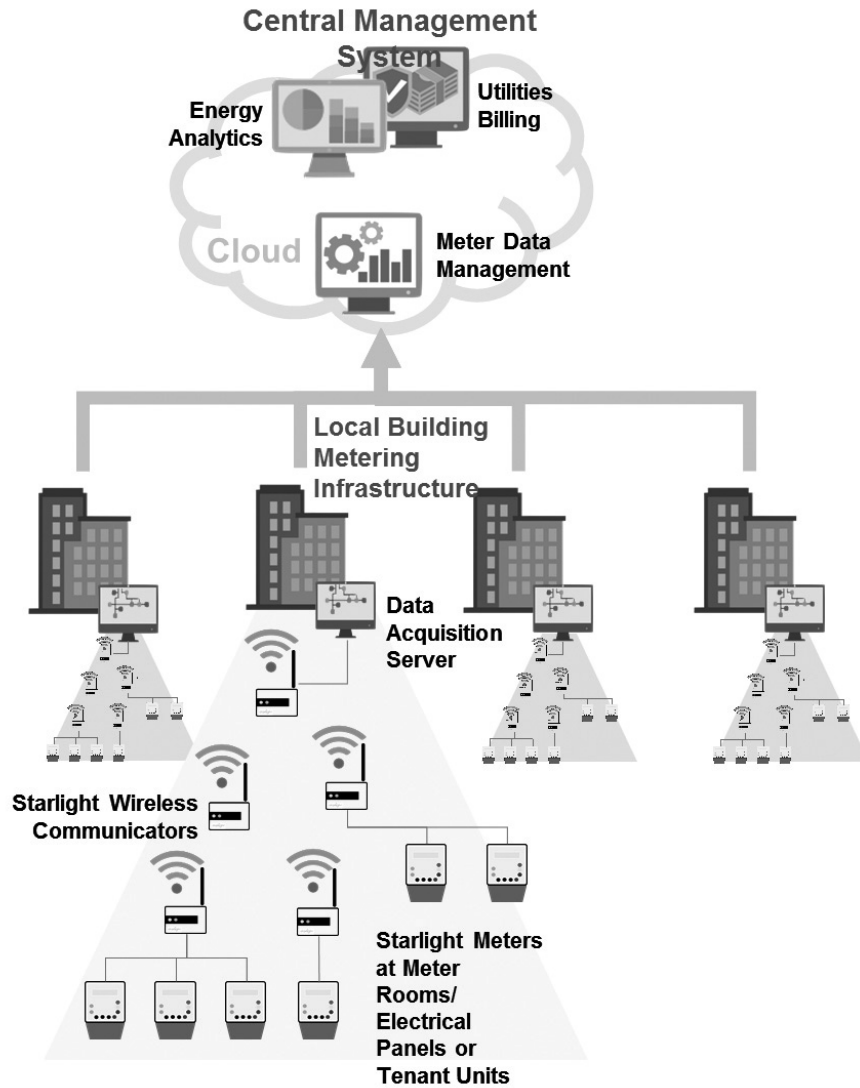
Starlight is composed of the following major parts:

- Power meters: they measure energy consumption and power quality.
- Wireless Mesh Communicators and data acquisition server: Wireless Mesh Communicators relay information from power meters to a central data acquisition server within the building.
- Central MDMS: the central MDMS collates data from various data acquisition servers across multiple buildings and processes the collected data into a format suitable for use by the follow on billing or energy analytics software.
- Billing and energy analytics modules: the billing system obtains metering data from the MDMS for billing to the end-customers. The energy analytics system generate energy profiling reports regarding energy consumption, peak demand, power quality and carbon footprint.

Starlight monitors energy usage and power quality by transmitting data acquired by power meters through wireless mesh communicators to a central data acquisition server for data analysis. The wireless mesh communication network is implemented in 900MHz or 2.4GHz frequency band; 900MHz is specialised for the penetration of thick building walls and improve the connectivity of the network. **Starlight** is easy to deploy and cost effective, as the connection between the communicators and the data acquisition server does not require any data cabling or setting up of wireless ethernet access points. Data is further transmitted from the data acquisition server through a wide area network such as the internet to the central MDMS for processing and validation. The processed information is then provided to the billing module for issuing invoices and/or the analytics module for further analysis.

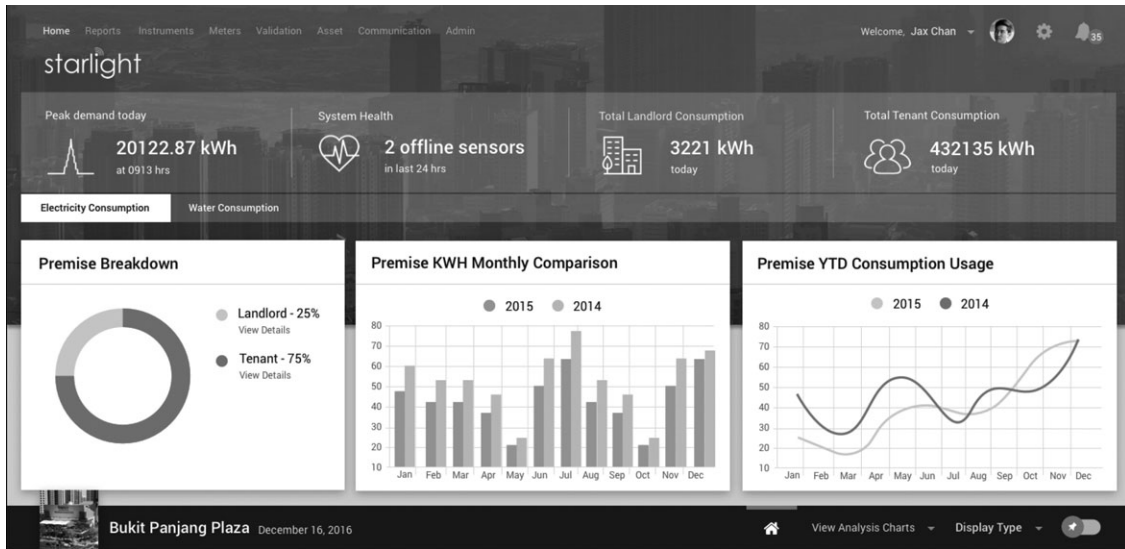
BUSINESS

The diagram below illustrates the overall operation of **Starlight**:

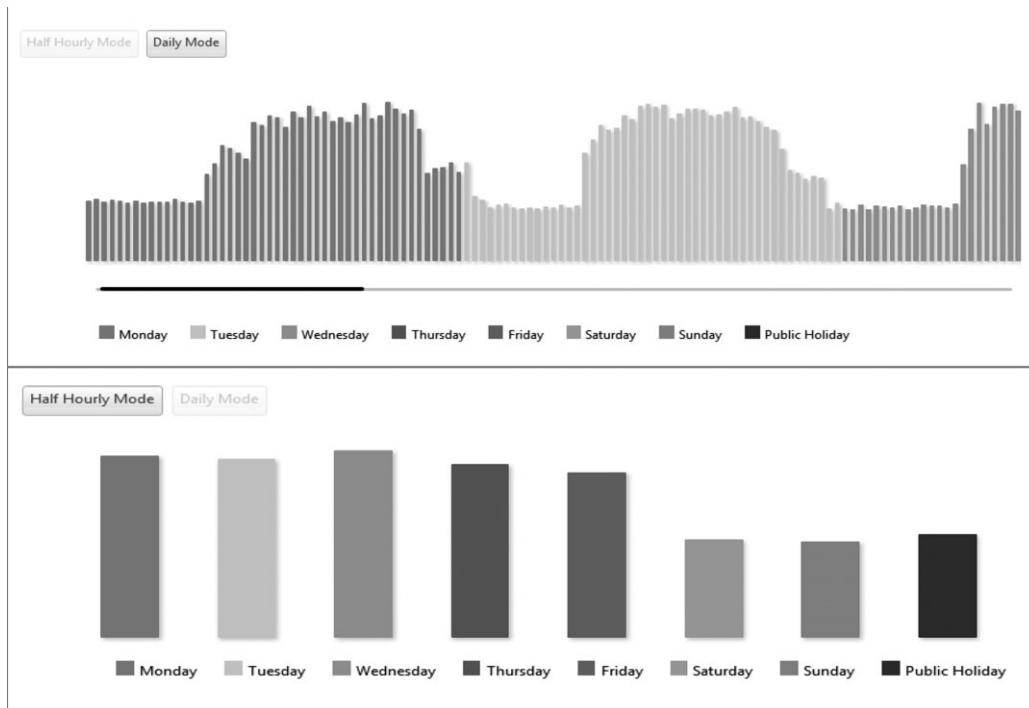


BUSINESS

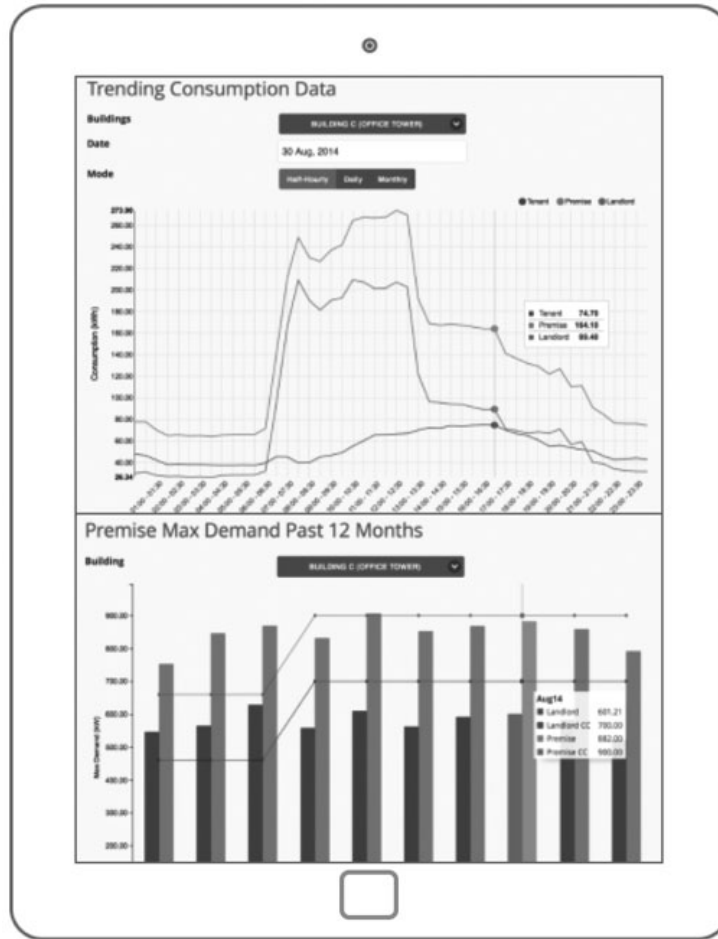
Set out below are selected screenshots of the dashboard of **Starlight**:



(The dashboard of **Starlight** provides an overview of end-users' energy consumption statistics)



(**Starlight** generates benchmarks on the energy consumption patterns of facilities and equipment)



(*Starlight's* charts are also available on mobile apps)

Benefits of *Starlight*

We believe that the benefits of using *Starlight* include the following:

- *Starlight* provides building owners with a centralised view of the energy usage across different buildings and equipment. Information and data of energy usage can be displayed in charts and dashboards for easy understanding. By using *Starlight*, building owners can benchmark energy consumption and efficiency trends, manage and smoothen the building's energy demand, as well as identify power efficiencies or electrical design problems within the building.
- *Starlight* is also equipped with billing capabilities which allow building owners to manage billing of electricity usage accurately and efficiently. By using the advanced analytical capabilities of *Starlight*, property owners and Energy Retailers can identify abnormalities in energy consumption, which can assist them in detecting energy theft or meter installation mistakes.

Revenue Model

We derive revenue from **Starlight** from (i) the on-premise delivery of **Starlight** and the provision of maintenance and support services following delivery; and (ii) delivering **Starlight** based on the SaaS model.

On-premise delivery of **Starlight**

Under the on-premise delivery model, our customers have to pay for the implementation of **Starlight** by various stages. The fees we charge under this model generally include the provision of hardware warranty as well as maintenance and support services for 12 months. Under this model, data is stored in the data center on our customers' premises. After the implementation, we provide maintenance and support services to customers by charging them on an annual basis. The on-premise delivery model is generally more popular among large enterprises as data is stored in the IT infrastructure in the portals within our customers' premises. This would ensure better data security within the customer's data center while also allowing the customer to have more requirements on customisation and tailor-made solutions.

SaaS delivery of **Starlight**

Under the SaaS model, **Starlight** is provided to our customers on a recurring subscription basis and data of our customers is stored in a cloud-based platform provided by us. The recurring subscription fee generally includes the installation of metering infrastructure, the provision of cloud hosting, maintenance and support services. As such, the SaaS delivery model requires a substantial upfront investment not only to manufacture and install the meters and wireless communicators (only for **Starlight**), but also to set up the entire infrastructure, such as servers, data centres hosting and network licenses.

Similar to the SaaS model of **Simplicity** as mentioned in the paragraph headed "SaaS delivery of **Simplicity**" above, our Directors are of the view that the SaaS model of **Starlight** is generally more welcomed by small and medium-sized enterprises due to its lower initial setup cost and IT support requirements. However, the products offered via the SaaS model are more standard and common with less customisations. We also expect that the SaaS delivery model will allow us to attract more customers, especially small and medium-sized enterprises, to purchase **Starlight**, thus diversifying our sources of revenue.

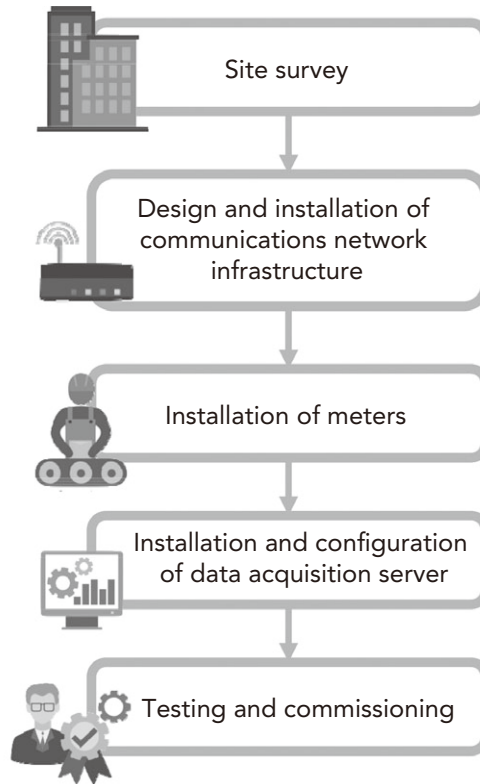
We generate revenue from **Starlight** from two sources:

- (i) project-based revenue generated at the initial installation phase under the on-premise model; and
- (ii) recurring service income generated by the provision of recurring maintenance and supporting services under the on-premise model and the subscription fees generated under the SaaS model.

The Workflow of *Starlight* projects

Generally, a **Starlight** project is generally divided into two phases: (i) the metering infrastructure phase and (ii) the central management software phase. In the metering infrastructure phase, meters, communicators and data acquisition server are installed. In the central management software phase, the software components of **Starlight** are customised and installed. In general, the two phases commence at about the same time.

The chart below illustrates the typical workflow of **Starlight** metering infrastructure phase:



BUSINESS

The table below describes each step in the above workflow:

Site survey	We will conduct site survey to assess the site conditions for the communication infrastructure and meter installation.
Designing and installation of communications network infrastructure	We will identify where the wireless Starlight communicators and network cabling should be installed. We will install the communicators and network cabling once we have determined the appropriate location to install them.
Meter installation	We will engage subcontractors to install the meters.
Data acquisition server installation and configuration	We will set up and configure the data acquisition server so that it can receive data transmitted from the meters.
Testing and commissioning	We will carry out testing to ensure that the meters are installed correctly and to verify the accuracy of the data is comprehensively and reliably received by the data acquisition server before the Starlight solution can be commissioned.

As to the central management software phase of **Starlight** projects, the typical workflow is identical to that of **Simplicity** projects.

The duration of **Starlight** projects may vary due to a wide range of factors including scope of work, technical complexity and requirements of customers. The duration generally fall within the range of approximately one month to three months. The duration may occasionally be lengthened due to additional requests made by our customers.

We provide support and maintenance services to customers after **Starlight** is deployed for use. For further details of our maintenance and support services, please refer to the paragraph headed "Business — Warranty, Maintenance and Technical Support Services" in this section.

BUSINESS

In addition to being deployed as an energy management solution, **Starlight** can also be deployed as a water management solution. The operation of **Starlight** as a water management solution is largely similar to the way **Starlight** is used as an energy management solution, except that the meters used are water meters purchased from third parties and the water meters are installed on water pipes. **Starlight** water management solution is generally used by building owners to track water consumption and detect leakage and pipe burst events. The revenue derived from **Starlight** water management during the Track Record Period was insignificant. For the two financial years ended 31 May 2015 and 31 May 2016, revenue from **Starlight** water management solution accounted for approximately 3.7% and 5.1% of our total revenue, respectively. Going forward, we will focus on deploying **Starlight** as an energy management solution.

SpaceMonster

SpaceMonster is an online portal specifically designed to bring together people who need short-term venues (such as meetings, events and training sessions) and organisations which own or manage these venues.

Venue providers can provide information of their available venues through our website, and venue seekers can look for and book suitable venues in Singapore through the website. For each successful booking of venue, we charge a fee of 8% of the booking charges, which is payable by the venue providers.

By using **SpaceMonster**, venue providers can utilise and market their available or idle venues, and venue seekers can look for and book venues that suit their needs with ease.

We launched **SpaceMonster** on a trial basis in July 2015 and we plan to officially launch **SpaceMonster** with full marketing campaigns in early 2017. We plan to capitalise on our access to property resources from our customers to cross-sell **SpaceMonster** to existing end-users of **Simplicity**.

WARRANTY, MAINTENANCE AND TECHNICAL SUPPORT SERVICES

For customers who choose the on-premise model of **Simplicity** or **Starlight**, we typically offer a 12-month warranty period. During this period, we will remedy defects of our products, including any defects arising out of faulty system design, bugs, programme errors. Apart from warranty, we also offer system maintenance and technical support services to our clients. Such services include the provision of software updates, documentation (such as user manuals) updates, software bug fixes and patches, scheduled preventive maintenance, and email and onsite support. During the typical 12-month warranty period, our customers are entitled to our maintenance and technical support services at no additional costs. After the warranty period, our customers may subscribe for our maintenance and technical support services.

BUSINESS

For customers who choose the on-premise model of **Simplicity** or **Starlight**, the recurring subscription fees already include the provision of warranty, maintenance and technical support services.

RESEARCH AND DEVELOPMENT

Our Directors consider that research and development play a critical role in our business growth. In order to maintain our leading position as a local and regional enterprise software and energy management solutions provider, we place strong emphasis on innovating new products and expanding our product offerings. As such, we have invested significant resources in research and development. Apart from having a software research and development centre located in our headquarters in Singapore, we set up a hardware product development and production process design and testing centre in India in 2014. This centre in India is responsible for the design, development and testing of hardware products, obtaining regulatory approvals for these products in the respective jurisdictions in which our products are distributed, and establishing production and quality control policies and procedures. We believe this centre can provide us with the benefits of quality control of our products, close proximity to the world-class testing centres in India, and prompt response to meet the ever-increasing quality standards in the regions that we focus on.

Our research and development team is headed by Mr. Lau, our executive Director, who has over 16 years of experience in the software industry. For further details of Mr. Lau's experience, please refer to the section headed "Directors and Senior Management" in this prospectus. As at 31 May 2016, our research and development team consisted of 31 members, representing approximately 33.7% of our total staff. Over 77% of our research and development team members have obtained bachelor's degree or above.

Our research and development team is mainly divided into two sub-teams, namely the hardware research and development team and the software research and development team.

For each of the two financial years ended 31 May 2015 and 2016, our research and development investment amounted to approximately S\$2.0 million and S\$1.6 million, respectively, representing approximately 28.0% and 14.6% of our total revenue, respectively.

BUSINESS

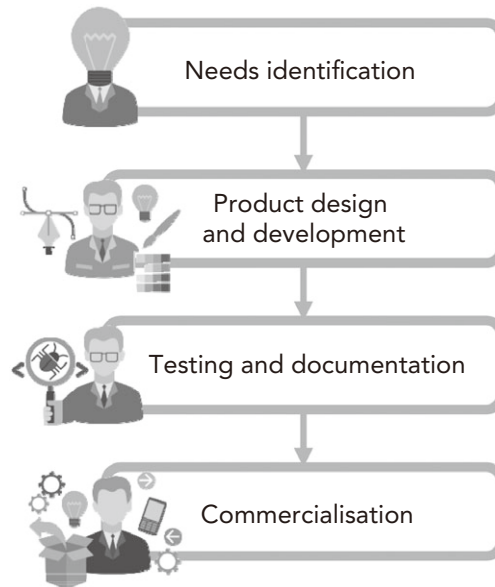
Details of our pipelined research and development projects are set out below:

Project	Nature of the Project	Expected launch date	Amount of research and development capital expenditure incurred as at 31 May 2016 (S\$)	Amount of research and development capital expenditure to be incurred (S\$)
Tesseract	To develop an advanced Internet of Things, smart metering and controlling platform for Starlight	July 2017	504,375	614,159
Mybill.sg	To develop a web-based and multi-device enabled portal aimed at providing Energy Retailers with comprehensive solutions including accounts management, utilities contracts management and invoice generation	mid-2018	56,703	2,273,130
Tesseract version 2	Tesseract version 2 is the Starlight next generation smart metering and controlling platform, and is a projected branch product of the Tesseract. The design and costing parameters of the Tesseract version 2 will be based on market feedback and performance of the Tesseract, and will seek to fill any market gaps identified from the launch of the Tesseract (in particular for the residential metering segment that will be liberalised in 2018 and which is not one of Tesseract's focus markets).	June 2019	—	1,874,192

BUSINESS

Software research and development

The average timeframe for completing a research and development project for a software product is usually around 6 to 24 months. The chart below sets out the key stages in the research and development process of the software products of our Group:



Needs Identification

We identify the needs of the market by obtaining feedback from our customers, observing offerings by our competitors and through internal discussions of our research and development team according to the internal budget.

Product Development

Once a market need is identified, we will set up a programme team. The programme team will conduct market validation studies to assess whether there would be a market need for a trial run of new products, develop the detailed design specifications and carry out development of the new product.

Testing and Documentation

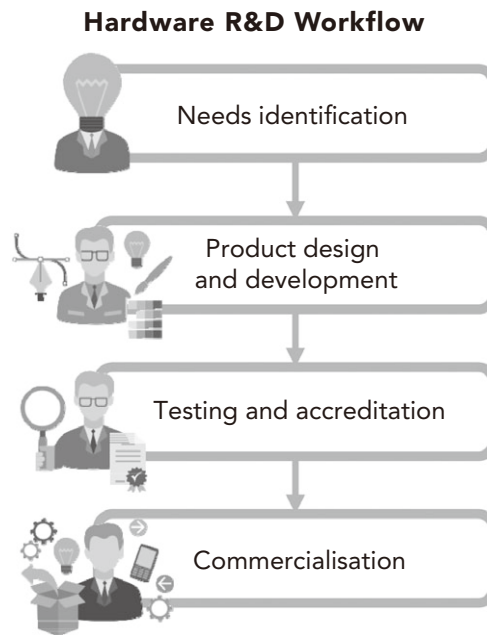
Before we release a new product to our end-users, we will conduct a series of tests on functionality, performance and security testing as part of the quality control process. We will also prepare the relevant documentation such as user manual and installation manual.

Commercialisation

We will commercialise a product after it has passed our quality control tests. We will launch marketing campaigns to support the commercialisation of our new product.

Hardware design and development

The average timeframe for completing a design and development project for a hardware product is usually around 6 to 18 months. The chart below sets out the key stages in the research and development process of the hardware products of our Group:



Needs Identification

We identify the needs of the market by obtaining feedback from our customers, observing offerings by our competitors and through internal discussions of our research and development team.

Product Development

Once a market need is identified, we will set up a programme team. Our programme team will conduct market validation studies to assess whether there would be a market need for a trial run of new products.

Testing and Accreditation

Our programme team will build the first article and co-operate with third parties for trial run of new products relevant standards. We engage independent accredited laboratories in India to test and certify our products according to the relevant standards set by the International Electrotechnical Commission.

Commercialisation

We will commercialise the product after it has passed our quality control tests. We will launch marketing campaigns to support the commercialisation of our new product.

BUSINESS

SALES AND DISTRIBUTION

We sell our products by direct sales and through our channel partners.

The table below sets out the breakdown of the sales of our products under each of our sales channels during the Track Record Period:

	For the financial year ended 31 May			
	2015		2016	
	S\$	% of total	S\$	% of total
Direct sales	4,490,909	61.3	5,198,910	46.9
Channel partners	<u>2,833,687</u>	<u>38.7</u>	<u>5,891,370</u>	<u>53.1</u>
Total	<u>7,324,596</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

The table below sets out the breakdown of our revenue which we derived from different parts of the world during the Track Record Period:

	For the financial year ended 31 May			
	2015		2016	
	Revenue	% of total	Revenue	% of total
Singapore	6,919,153	94.5	10,787,958	97.3
Malaysia	274,358	3.7	236,007	2.1
Others (Taiwan and Brunei)	<u>131,085</u>	<u>1.8</u>	<u>66,315</u>	<u>0.6</u>
Total	<u>7,324,596</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

For the years ended 31 May 2015 and 31 May 2016, our revenue derived from our sales in Singapore accounted for approximately 94.5% and 97.3% of our total revenue, respectively. Notwithstanding this, our channel partners have sales networks which extend beyond Singapore and covers about 12 countries. Through our channel partners, our products can reach end-users in other countries in South East Asia and the Middle East, including Qatar and the UAE.

Direct sales

The stages involved in a typical direct sale of **Simplicity** or **Starlight** are set out below:

Pre-sales

We give presentations on our products, understand the requirements and needs of our customers, provide budgetary costings and assist our customers in preparing tender specifications. While this stage is not mandatory, it provides us with an advantage in influencing the final tender specifications.

BUSINESS

Customer sourcing

We generally identify potential projects through (i) receiving formal invitation to tender or otherwise becoming aware of open tenders; or (ii) requests for quotation from our customers or their agents. We generally become aware of open tenders by periodic review of publicly available information, such as the Singapore government's website, local press and the websites of certain existing and potential customers.

Bidding

In respect of each tender opportunity, we will organise a bid team led by a bid manager. The bid team will work on the most cost-effective solution based on our customer's requirements and needs. The bid proposal (including the solution and the pricing) will be presented for internal approval.

If the invitation or request comes from new customers, we normally also assess their background and basic project parameters such as contract period, scope of services, amount of liquidated damages and contractual restrictions. We gather such information through communication with such customers or their agents and our own investigations such as through public searches as part of our assessment in deciding whether to participate in the project.

We have obtained EPPU Registration with a financial grade of S9, which entitles us to bid for projects of up to approximately S\$30 million per contract from the Singapore government. This status is valid from 13 November 2014 to 16 February 2018 and is subject to renewal if we could meet the minimum financial criteria, which includes, a net tangible assets and paid-up capital of at least S\$1,500,000 and a turnover, sales or revenue of over S\$10,000,000. Further, we have obtained IMDA Accreditation for **Starlight** from IMDA. Accredited companies are to be considered first by Singapore government authorities in their procurement. The status is valid for 18 months from 1 February 2016 and is subject to renewal if our annual sales turnover are not more than S\$20,000,000. Our Directors believe that we will be able to satisfy the above renewal criteria and requirements both for the EPPU Registration and the IMDA Accreditation at the time of renewal.

As advised by our Singapore Legal Advisers, there is no material legal impediment to the renewal of our current EPPU Registration and IMDA Accreditation status upon its expiry, provided that we meet the criteria for the grant, are not debarred or struck off or prematurely terminated due to any of the relevant circumstances, and provided the relevant rules and policies do not change.

Bid evaluation

Once internally approved, we will submit our bid proposal to our customers. Our customers generally request a presentation by us to explain our proposal, and they generally carry out due diligence on us, which may involve site visits to our office.

Bid award

When we are successful in receiving the tender award, our authorised representatives will accept the award by signing an agreement with our customers.

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Depending on the requests of our customers and the outcome of negotiations, terms and conditions may vary from contract to contract. General terms of engagement with our customers in respect of **Simplicity** and **Starlight** projects are set out below:

Scope of work	We generally set out our scope of work in the agreement.
Payment	Generally, Simplicity and Starlight are provided on a fixed price basis payable in several milestones in accordance with the payment schedule.
Credit terms	We generally grant a credit period of 30 days after the receipt of our invoice by our customers.
Warranty period	We generally offer a warranty period of 12 months. During this period, we will remedy any defects in our products at no additional charge to the customers.
Liability	Some of our contracts provide that we will indemnify and hold harmless our customers against all claims, demands, actions, losses, damages, costs and any other liabilities arising out of or in connection with any breach of any term of the agreement.

During the Track Record Period and up to the Latest Practicable Date, we did not incur any of the above-mentioned liabilities.

The table below illustrates our Group's number of bidding proposals submitted:

	For the financial year ended 31 May 2015	For the financial year ended 31 May 2016
Number of bidding proposals submitted	31	24 ⁽²⁾
Number of successful bidding	21	18 ⁽³⁾
Success rate of bidding proposals ⁽¹⁾	67.7%	75%

Notes:

- (1) Success rate of bidding proposals is calculated by total number of bidding proposals awarded over total number of bidding proposals submitted by our Group during the relevant period.
- (2) The decrease in the number of bidding proposals submitted was mainly due to the corresponding increase in our sales activities conducted through channel partners.
- (3) Some of our bidding proposals for the year ended 2016 are still pending the final decision to be made by our customers. As at the Latest Practicable Date, we successfully secured three additional projects from the proposals submitted during the financial year ended 31 May 2016.

For each of the financial years ended 31 May 2015 and 31 May 2016, revenue from tender accounted for approximately 53.33% and 34.67% of our total revenue, respectively.

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Channel Partners

Our Directors consider that our extensive channel partner network allows our products to reach a wider range of industry segments and geographical spread. Our Directors also believe that this distribution model helps us expand and diversify our sales and distribution network and is in line with the industry norm. The relationship between our Group and each of our channel partners is seller and buyer. We did not receive any returned good from channel partners during the Track Record Period. Our channel partners place orders with us on a project basis and we recognise our revenue when our products and services are delivered to and accepted by our channel partners. In the case of implementation of our products through our channel partners, our channel partners are typically and mainly responsible for delivering and implementing **Simplicity** and **Starlight** and providing support and maintenance service to end-users. Depending on our arrangements with the relevant channel partners, we may also be involved in providing some of the implementation work and support and maintenance to end users.

We carefully select our channel partners based on various criteria, including their immediate opportunities at hand, local/industry brand strength and presence, strength of sales/distribution network, strength of delivery team and their willingness to co-invest in dedicated resources on marketing with us.

The table below sets out the movement in the total number of channel partners which had entered into channel partner agreements with us during the Track Record Period:

	For the financial year ended 31 May	
	2015	2016
Total number of channel partners at the beginning of the period	3	3
Addition	—	9 ^(Note)
Total number of channel partners at the end of the period	<u>3</u>	<u>12</u>

As at 31 May 2016, we had 12 channel partners with whom we had entered into channel partner agreements. As at the Latest Practicable Date, these channel partners had conducted business with us for at least six months. The addition of nine of these channel partners for the financial year ended 31 May 2016 was in accordance with our plan to expand our network of channel partners.

Note: Out of the nine additions of these channel partners in 2016, six of them became our channel partners before the beginning of the financial year ended 31 May 2016. However, our Group only signed channel partner agreements with them during the financial year ended 31 May 2016.

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The tables below set out information relating to our top five channel partners based on revenue contribution during the Track Record Period:

Year ended 31 May 2015

Name of customer	Principal business activities/description	Principal products sold	Credit period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total revenue
NEC Asia Pacific Pte. Ltd.	International system integrations, consultancy services, sales, project management and maintenance services provider based in Singapore	Simplicity and Starlight	30	5.5	25.5%
Channel Partner A	Electricity Retailer based in Singapore which assisted small and medium sized enterprises, multinational companies and government bodies to manage their electricity procurement	Starlight	30	3	3.0%
Channel Partner B	A property management service provider based in Malaysia	Simplicity and Starlight	30	3	2.4%
ENGIE Services Singapore Pte. Ltd.	Service provider of integrated facilities management solutions, property management, operation and maintenance, and facilities management consultancy services based in Singapore	Simplicity	30	9	1.8%
Channel Partner D	Facilities management and tenancy management service provider based in Singapore	Simplicity	45	7	1.4%

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Year ended 31 May 2016

Name of customer	Principal business activities/description	Principal products sold	Credit period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total revenue
NEC Asia Pacific Pte. Ltd.	International system integrations, consultancy services, sales, project management and maintenance services provider based in Singapore	Simplicity and Starlight	30	5.5	47.6%
ENGIE Services Singapore Pte. Ltd.	Service provider of integrated facilities management solutions, property management, operation and maintenance, and facilities management consultancy services based in Singapore	Simplicity	30	9	1.0%
Channel Partner A	Electricity Retailer based in Singapore which assisted small and medium sized enterprises, multinational companies and government bodies to manage their electricity procurement	Starlight	30	3	0.9%
Channel Partner E	Intelligent buildings, efficient energy solutions, integrated infrastructure, and next generation transportation systems services and solutions provider based in Singapore	Simplicity	60	9	0.7%
Channel Partner D	Facilities management and tenancy management service provider based in Singapore	Simplicity	45	7	0.6%

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Agreements with our channel partners

We generally enter into distribution agreements with our channel partners. The principal terms of our agreements with our channel partners are set out below:

Duration	The duration of our agreements with channel partners generally ranges from one to two years.
Territories	Our channel partners are assigned geographical territories to sell our products.
Exclusivity	We do not generally offer geographical exclusivity to our channel partners for the sale of our products.
Major obligations of our Group	We provide our channel partners with sales and marketing materials and may also provide support and maintenance to end-users depending on our arrangements with the relevant channel partners.
Major obligations of our channel partners	Channel partners have to (i) confer at least quarterly with us to discuss market conditions, sales forecasting, product planning and promotional marketing strategies for such calendar quarter; (ii) use sales and marketing materials provided by our Group; (iii) use reasonable efforts to protect our intellectual property rights, (iv) provide technical support and maintenance to end-users.
Sales and pricing policies	While we provide recommended retail prices to our channel partners, we have not imposed any restrictions on the selling price set by our channel partners.
Obsolete stock arrangement	We generally do not accept return of our products from channel partners unless there are quality issues within the warranty period.
Sales and expansion targets	We do not impose any sales or expansion targets on our channel partners.
Sales and inventory reports and estimate	Our channel partners are required to provide a report which includes information about the sale of their products on our request.
Minimum purchase amounts	We do not impose any minimum purchase amounts on our channel partners.

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Payment and credit terms	Amounts invoiced to our channel partners are due within 30 days upon receipt of our invoice, which cannot be issued before the delivery of our products. We may require a channel partner to pay us all fees prior to the delivery of our products if we, at our sole discretion, determine that the channel partner's credit rating and payment record do not merit the 30 days credit term.
Intellectual property rights	Intellectual property rights in our products belong to our Group.
Conditions for renewal	The agreements may be renewed upon the mutual written agreement of the parties.
Conditions for termination	<p>We or our channel partners may terminate the distribution agreement (i) without cause by giving 90 days written notice; (ii) by giving 30 days' notice to the other party if that party fails to perform any material obligation under the agreement and such failure is not cured within the 30-day period; or (iii) upon the bankruptcy, insolvency, receivership, liquidation, composition for the benefit of creditors or similar financial downturn of the other party.</p> <p>We may also terminate the distribution agreement if our channel partner fails to make any payments due within 30 days after we deliver notice of such default.</p>

We generally sell products to our channel partners on a project basis. Our channel partners generally place orders with us after they have obtained projects. As such, we believe there is no accumulation of inventory of our products by our channel partners. Further, we generally do not accept return of our products from our channel partners unless there are quality issues within the warranty period, which is typically 12 months. In addition, we do not have any refund mechanisms for our channel partners.

In the event that more than one channel partner intends to submit bids for complex Simplicity or Starlight projects offered by the same end-user, which is uncommon, the channel partners generally approach us to seek our support in preparing the bid proposal and carrying out some of the implementation work of the project. In such cases, we would assess each of the channel partners' chance of securing the project by assessing their track record with us and/or with the end-user, and we would only support the channel partner which we believe would have the highest chance of securing the project. By adopting the above measure, our Directors believe that there is no cannibalisation among our channel partners as our channel partners generally cover different customers.

To the best knowledge of our Directors, all our channel partners were Independent Third Parties, and none of our channel partners was wholly owned or majority controlled by our current or ex-employees or operated under our brand during the Track Record Period and up to the Latest Practicable Date.

PRICING POLICY

We generally price our products on a cost plus basis taking into account the budget of our customers, our internal costs and the pricing of our competitors as well as the strategic value of landing the customers. The type of sales (whether it is direct sales or sales through channel partners) rarely affects pricing.

While we provide recommended retail prices to our channel partners, our channel partners are free to set their own selling prices.

We may provide one-off discounts in order to win an order which we consider to be important to us.

Seasonality

Our Group generally records lower sales for the six months from June to November each year, and higher sales for the rest of the year from December to May in the following year. This is because the majority of our customers, based in Singapore and with a significant number from the public sector, follows financial year of April to March. As a result, between October and March, our customers, especially those in the public sector, will be more inclined to purchase our products so as to use up their annual budget whereas between April and November, our customers tend to be more conservative in their spending as their financial year has just commenced.

Backlog and New Contract Value

Backlog represents our estimate of the aggregated contract value of the projects that we are engaged in and remain to be completed as at a certain date from signed and legally-binding contracts, net of estimated GST. New contract value represents the aggregate value of the contracts that we entered into during a specified period. The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. To the extent the work under these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by IFRS and our methodology in determining backlog may not be comparable to the methodology used by other companies.

There is no guarantee that the expected revenue from our backlog will not decrease, or that the expected revenue will be realised as actual revenue or be recorded as profit. Please refer to the section headed "Risk Factors Risks Relating to Our Business Our backlog may not be indicative of our future results of operations" in this prospectus for further details.

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The table below sets out net of estimated GST, our backlog, new contract value and recognised revenue for each of the periods indicated. In a given period, our backlog at the beginning of the period plus our contract value for new contracts entered into during the period less our recognised revenue for the period equals to our backlog at the end of the period.

	Years ended May 31,	
	2015	2016
	<i>(Unaudited, S\$)</i>	
Backlog at the beginning of the period		
<i>Simplicity</i>	6,850,681	5,449,186
<i>Starlight</i>	<u>759,846</u>	<u>1,273,291</u>
Total	<u>7,610,527</u>	<u>6,722,477</u>
Contract value for new contracts entered into during the period ^(Note)		
<i>Simplicity</i>	4,037,772	11,210,420
<i>Starlight</i>	<u>2,548,792</u>	<u>2,142,768</u>
Total	<u>6,586,564</u>	<u>13,353,188</u>
Invoiced contract revenue for the period ^(Note)		
<i>Simplicity</i>	5,439,267	8,763,136
<i>Starlight</i>	<u>2,035,347</u>	<u>2,403,390</u>
Total	<u>7,474,614</u>	<u>11,166,526</u>
Backlog at the end of the period		
<i>Simplicity</i>	5,449,186	7,896,470
<i>Starlight</i>	<u>1,273,291</u>	<u>1,012,669</u>
Total	<u>6,722,477</u>	<u>8,909,139</u>

Note: Contract value for new contracts entered into during the year/period and recognised revenue for the financial year/period are net of estimated GST, including any adjustments for prior periods

Backlog at the financial year/period end is calculated by adding the contract value for new contracts entered into during the financial year/period and subtracting the invoiced revenue for the financial year/period.

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The table below sets out the revenue from our backlog expected to be recognised for the following periods:

	For the six months ending 30 November 2016 <i>(Unaudited, S\$)</i>	For the six months ending 31 May 2017 <i>(Unaudited, S\$)</i>
<i>Simplicity</i>	3,378,425	2,283,045
<i>Starlight</i>	<u>1,021,068</u>	<u>41,603</u>
Total	<u>4,399,493</u>	<u>2,324,648</u>

Our Directors would like to emphasise that the expected revenue recognition stated above is the current estimation for reference purpose and the actual amounts to be recognised are subject to adjustments based on audit and the then changes in variables and assumptions. Please refer to the section headed "Risk Factors — Our backlog may not be indicative of our future results of operations" in this prospectus for details.

The table below sets out the movement of the number of ***Simplicity*** projects in our backlog during the Track Record Period:

	Year ended 31 May	
	2015	2016
Number of projects corresponding to opening value of backlog	60	66
Number of projects corresponding to new contracts awarded	11	15
Number of projects completed during the period indicated	<u>(5)</u>	<u>(8)</u>
Number of projects corresponding to closing value of backlog	<u>66</u>	<u>73</u>

The table below sets out the movement of the number of ***Starlight*** projects in our backlog during the Track Record Period:

	Year ended 31 May	
	2015	2016
Number of projects corresponding to opening value of backlog	16	22
Number of projects corresponding to new contracts awarded	9	18
Number of projects completed during the period indicated	<u>(3)</u>	<u>(8)</u>
Number of projects corresponding to closing value of backlog	<u>22</u>	<u>32</u>

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A summary of our top five projects in terms of accumulated contract value based on purchase orders placed by customer for the financial year ended 31 May 2015 is set out below:

End-users' Business	Location	Type of Project	Total Contract Value (S\$)	Contract Date
Management of Public Hospitals	Singapore	Simplicity	2,682,102	November 2013
Management of Public Townships	Singapore	Simplicity	2,199,867	July 2013
Management of Public Transportation	Singapore	Simplicity	807,921	July 2012
Management of State Land	Singapore	Simplicity	826,794	March 2012
Training of Public Sector Teachers	Singapore	Simplicity	591,689	July 2013

A summary of our top five projects in terms of accumulated contract value based on purchase orders placed by customer for the financial year ended 31 May 2016 is set out below:

End-users' Business	Location	Type of Project	Total Contract Value (S\$)	Contract Date
Management of Public Township	Singapore	Simplicity	3,903,842	July 2013
Management of Public Hospitals	Singapore	Simplicity	3,124,102	November 2013
Management of National Defence	Singapore	Simplicity	2,194,400	June 2015
Management of Shopping Malls	Singapore	Simplicity	591,500	March 2016
Management of Shopping Malls	Singapore	Starlight	455,000	December 2013

CUSTOMERS

Our customers include multi-national corporations, state-owned enterprises and government authorities in Singapore. For our customers which are multi-national corporations, they include entities that are engaged in the business of system integration as well as retailing of electricity. For our customers which are state-owned enterprises, they include entities that are engaged in providing public healthcare services as well as in the business of real estate development and lease. For our customers which are government authorities in Singapore, they include entities that are responsible for management and provision of public primary and secondary education, management of healthcare policies, management of state land resources, management of national research and development as well as management of national environment. For each of the two financial years ended 31 May 2015 and 31 May 2016, the revenue generated from our five largest customers accounted for approximately 51.3% and 61.6% of the total amount of our revenue, respectively; the revenue generated from our largest customer accounted for approximately 25.5% and 47.6% of the total amount of our revenue, respectively. As at the Latest Practicable Date, we had approximately one to six years of business relationships with our five largest customers. During the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties.

We derived a substantial portion of our revenue from NEC Asia Pacific Pte. Ltd., (a channel partner), during the Track Record Period. Our Directors consider that we have developed a mutually beneficial relationship with NEC Asia Pacific Pte. Ltd., and we expect to maintain a close relationship with it in the foreseeable future. Nevertheless, as part of our business strategies, we have been diversifying our sales network and our customer base during the Track Record Period and plan to strengthen our sales and marketing efforts after the Listing, including the recruitment of a dedicated business development, sales and channel

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management team to develop business opportunities, the engagement of professional parties to organise corporate and branding campaigns, and the expansion of our channel partner network. As such, our Directors believe that we will further expand our sales network and diversify our customer base.

The tables below set out information relating to our five largest customers during the Track Record Period:

For the financial year ended 31 May 2015

Name of customer	Principal business activities/description	Principal products sold	Credit period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total revenue
NEC Asia Pacific Pte. Ltd. (channel partner)	International systems integration, consultancy services, sales, project management and maintenance services provider based in Singapore	Simplicity and Starlight	30	5.5	25.5%
Customer A	Holding Company of Singapore's public healthcare entities whose role is to enhance public healthcare sector performance	Simplicity	30	3	11.2%
National Environment Agency	Public organisation responsible for improving and sustaining a clean and green environment based in Singapore	Simplicity	30	5	9.0%
Customer B (channel partner)	Electricity Retailer based in Singapore which assisted small and medium sized enterprises, multinational companies and government bodies to manage their electricity procurement	Simplicity	30	8	3.0%
National Institute of Education	Public educational services provider based in Singapore	Simplicity	30	3	2.6%
					<u>51.3%</u>

BUSINESS

For the financial year ended 31 May 2016

Name of customer	Principal business activities/description	Principal products sold	Credit period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total revenue
NEC Asia Pacific Pte. Ltd. (channel partner)	International system integrations, consultancy services, sales, project management and maintenance services provider based in Singapore	Simplicity and Starlight	30	5.5	47.6%
National Environment Agency	Public organisation responsible for improving and sustaining a clean and green environment based in Singapore	Simplicity	30	5	6.5%
Customer A	Holding company of Singapore's public healthcare entities whose role is to enhance public healthcare sector performance	Simplicity	60	3	3.4%
Swee Cheng Management Pte. Ltd.	Property management and management consultation services provider based in Singapore	Simplicity	30	1	2.2%
Singapore Land Authority	Public organisation responsible for optimising land resources in Singapore for the economic and social development of Singapore	Simplicity	30	4	1.9%
					<u>61.6%</u>

None of our Directors or their respective close associates or shareholders who own more than 5% of our issued share capital immediately prior to the completion of the Placing had any interest in any of our five largest customers during the Track Record Period and up to the Latest Practicable Date.

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Payment and Credit Terms

Sales transactions of our Group were generally settled by cheques and electronic transfer during the Track Record Period. To maintain long-term business relationships with our major customers, we generally offer our major customers credit terms of around 30 days. The trade receivables for the two financial years ended 31 May 2016 accounted for approximately 20.0% and 20.1% of the total revenue of our Group for the corresponding period, respectively.

BILLING MANAGEMENT

Our management reviews, on a monthly basis, the difference between the budgeted cost and actual cost of each project through the project stage at the time of review, in accordance with the project schedule set forth in each project contract. Any significant differences will be escalated to project director, principal consultant or principal engineer for their follow-up and acknowledged by management. As to projects contracts, the aggregate amount of amount due from customers and trade receivable represents the total outstanding balance that our customers owe us. We record revenue and amount due from customers based on the percentage of completion. Once the billing milestones within the contracts have been reached, we will transfer the relevant balance from amount due from contract customers to trade receivable. Payment from our customers will be used to settle the trade receivable.

In terms of our periodic billing management, our customers generally issue a form of acceptance, which, depending on the type and terms of the contract, is based on project milestones or is obtained periodically, that shows the progress of our ongoing projects in the current period. Once a form of acceptance is obtained, our finance department issues invoice to our customers according to the progress of completion under such contract. Based on such invoice, our customer pays the appropriate amount to us.

MARKETING

During the Track Record Period, we had promoted our brand and products through taking part in different trade shows and seminars.

SUPPLIERS

Our suppliers include hardware component suppliers and subcontractors which provide installation services or manufacturing services. For details about our subcontractors, please refer to the paragraph headed "Subcontracting" in this section.

We carefully control the hardware components procurement process. We carefully select our hardware components suppliers based on various criteria, including price, credit term, lead time, brand, specifications and quality of components. We carry out evaluation of the performance of our suppliers from time to time. Our hardware components suppliers are mainly based in Singapore.

During the Track Record Period, we had not entered into any long-term agreement with our hardware components suppliers. During the Track Record period, we had not experienced any material price fluctuations, supply delay or shortages of components and raw materials.

Our hardware components suppliers generally give us a credit period of 30 days. We generally settle the payment by cheque or bank transfer.

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Five Largest Suppliers

Purchases from our five largest suppliers accounted for approximately 32.8% and 28.2% of our total cost of sales for each of the two financial years ended 31 May 2016, respectively. For each of the two financial years ended 31 May 2016, purchases from our largest suppliers represented approximately 14.3% and 13.6% of our cost of sales, respectively. We had around two to three years of business relationships with our five largest suppliers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers were Independent Third Parties, and none of our suppliers was also our customers.

The tables below set out information relating to our five largest suppliers during the Track Record Period:

For the financial year ended 31 May 2015

Name of supplier	Background	Principal products services provided	Credit Period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total cost of sales
Supplier A	Project management, consultancy, planning, supply and installations services provider based in Singapore	Installation services	30	3	14.3
Supplier B	IT solutions and services provider based in Singapore	Equipment	30	2	6.0
ABB Pte. Ltd.	Electrification products provider based in Singapore	Equipment	30	3	5.4
Supplier C	IT human resources provider based in Singapore	Professional services	30	2.5	4.8
Supplier D	Interconnection and connectivity services provider based in Singapore	Data centre	30	3.5	2.3
					—
					<u>32.8</u>

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For the financial year ended 31 May 2016

Name of supplier	Background	Principal products services provided	Credit Period (days)	Years of business relationship as at the Latest Practicable Date (approximately)	Percentage of our Group's total cost of sales
Supplier A	Project management, consultancy, planning, supply and installations services provider based in Singapore	Installation services	30	3	13.6
ABB Pte. Ltd.	Electrification products provider based in Singapore	Equipment	30	3	7.3
Supplier C	IT human resources provider based in Singapore	Professional services	30	2.5	3.1
Supplier E	Installation of building automated systems provider based in Singapore	Installation services	30	2	2.4
Supplier D*	Interconnection and connectivity services provider based in Singapore	Data centre	30	3.5	1.8
					—
					<u>28.2</u>

* We entered into a legally-binding master service agreement (the "**Master Service Agreement**") with Supplier D on 9 September 2012 pursuant to which Supplier D agreed to provide data storage services for us to store our customers' data relating to Simplicity and Starlight in its data centre upon request of our Company by placing a purchase order. On 23 April 2014, we placed a purchase order with Supplier D pursuant to which we requested the provision of data storage services for 60 months.

None of our Directors or their respective close associates or shareholders who own more than 5% of our issued share capital immediately prior to the completion of the Placing had any interest in any of our five largest suppliers during the Track Record Period.

INVENTORY

Our inventory includes hardware components (such as electronic components for **Starlight**) as well as finished goods assembled by our production and assembly subcontractor in Malaysia. We maintain a certain level of hardware components which are critical in order to manage the risk of supply shortage of raw materials. In respect of raw materials which can easily be sourced, we procure them as the need arises.

For better control and management of inventories and to ensure the accuracy and completeness of stock-in and stock-out information on record, we carry out physical inventory count on inventory items with movements on a monthly basis and carry out physical inventory count on all inventory items annually.

SUBCONTRACTING

During the Track Record Period, we had subcontracted the primary production and assembly of the hardware components of **Starlight** to a subcontractor, an Independent Third Party, located in Malaysia. Our Directors believe that by outsourcing the non-core hardware production and assembly functions, our Group can focus its resources on research, development and marketing of existing and new products. Furthermore, during the Track Record Period and as at the Latest Practicable Date, we had engaged four installation subcontractors based in Singapore to carry out the installation of **Starlight**. Our Directors consider that engaging subcontractors to carry out installation work would minimise our need to employ a large workforce and increase our flexibility and cost effectiveness in carrying out the projects.

We carefully select our subcontractors based on various criteria, including costs, technical capabilities, facility, equipment, certifications and location of the subcontractors. In particular, for the production and assembly subcontractor, during the selection process, we carry out on-site examination of the subcontractor's production plant to inspect its production, quality control, calibration and storage facilities to assess whether it can meet our selection criteria.

We instruct our production and assembly subcontractor to produce and assemble the hardware components for us based on our product specifications. The whole production and assembly process takes approximately three months. We purchase hardware components in Singapore and then supply them to the production and assembly subcontractor in Malaysia. We will inspect the hardware components for any defect before the hardware components are used in the production and assembly process. For further details of our quality control, please refer to the paragraph headed "Quality Control" in this section.

We generally issue purchase orders to our subcontractors when we place orders. Each purchase order will generally specify the product, quantity, price and credit terms. The subcontracting fees are determined based on arm's length negotiation. We typically have a credit period of 30 days and settle payments to our subcontractors upon full delivery of the finished goods to us. Payments to our subcontractors are mainly made through bank transfer or by cheque.

BUSINESS

We only accept products and services that have passed all quality control checks and tests. We may return defective products to our subcontractors.

During the Track Record Period, we did not enter into any long-term agreement with our subcontractors. We expect that any increase in subcontracting fees will result in an increase in our fees that we charge our customers.

During the Track Record Period, we did not experience any material disputes with our subcontractors and we had not encountered any material difficulties in obtaining the required outsourced products from our subcontractors.

As at the Latest Practicable Date, we had business relationships with our subcontractors for approximately one to three years. For each of the two financial years ended 31 May 2015 and 31 May 2016, our subcontracting costs amounted to S\$0.8 million and S\$1.0 million, representing approximately 19.7% and 21.8% of our total cost of sales, respectively.

For more information on the risks associated with subcontracting, please refer to the section headed "Risk Factors — Risk relating to our business" in this prospectus for further details. To address the risks, we plan to set up a manufacturing, assembly and testing plant in Malaysia. For more information on the plan, please refer to the section headed "Business — Business Strategies" in this prospectus.

QUALITY CONTROL

We consider that product quality is crucial to our success. Therefore, we place great emphasis on the quality control of our products and services.

In relation to the procurement of hardware components, we purchase hardware components from hardware components suppliers which have passed our quality control assessments. We carry out tests on the hardware components on a sampling basis.

In relation to the production of the manufacture and assembly of the hardware components of **Starlight** by our subcontractor in Malaysia, our quality control team from Anacle India regularly carry out site visits to our subcontractor to supervise the manufacturing and assembly process. Once the hardware products have been manufactured, our quality control team will obtain samples and conduct testing in our office in India to ensure the samples meet our specifications.

Once a **Simplicity** or **Starlight** project has commenced, our project managers will closely monitor the progress of the project to ensure it meets our customers' requirements and the project would be completed within the contractual timeline. Our project managers communicate regularly with our senior management to report the progress of the project. Our project teams also hold project meetings with our customers to assess the progress and to identify any issues that may arise during the course of the project.

As at the Latest Practicable Date, we had not received any major complaints from our customers which had a material adverse effect on our profitability nor had we received any material product liability claims or product recall from our customers.

BUSINESS

AWARDS AND RECOGNITIONS

We have received the following awards and recognitions for our products. Our Directors believe that they are recognitions of our Group's achievements and quality products.

Awarding Year	Award/Recognition	Awarding Institution
2016	20 Most Promising Enterprise Asset Management Solution Providers 2016 (for Simplicity enterprise asset management)	CIO Review
2016	Innovation in Asset Management Technologies (for Simplicity enterprise asset management)	Wealth & finance
February 2016 (valid for 18 months and subject to renewal thereafter)	Accreditation@IMDA (for Starlight)	Info-communications Media Development Authority (IMDA) of Singapore
2015	Malaysia Energy Management New Product Innovation Award (for Starlight)	Frost & Sullivan
2015	Singapore Energy Management Company of the Year (for Starlight)	Frost & Sullivan
2013	Top 100 Asia	Red Herring
2007	Winner of Industrial Application Category	Asia Pacific ICT Alliance (www.apicta.org)

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

Our Directors are of the view that occupational safety management is an important part of our business as some of our projects may involve work which may expose our staff to electrical hazards. As such, we have adopted safety policies for our staff. We also offer in-house training to our staff to keep them informed of the important safety concerns. In addition, when our subcontractors conduct installation work for our **Starlight** projects, certified engineers or certified technicians will monitor the installation process to ensure that the installation is carried out in accordance with the applicable safety standards. During the Track Record Period, our Group had not experienced any material claim or incident in relation to safety issues or been involved in any accident causing death or serious injury in the course of our Group's business operations. During the Track Record Period, and as at the Latest Practicable Date, we were in compliance with all environmental, health and work safety laws and regulations applicable to us in all material respects.

BUSINESS

INSURANCE

We currently maintain medical insurance, business insurance, work injury insurance, contractors all risk and workman injury insurance (for **Simplicity** and **Starlight** projects) and performance guarantee insurance.

Our Directors consider that our insurance coverage is adequate and in line with the industry norm. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance practice.

INTELLECTUAL PROPERTY RIGHTS

We value our research and development efforts and consider the protection of our intellectual property rights as integral to our growth. As at the Latest Practicable Date, we had obtained a patent registered in Singapore and had filed applications for registration of three patents in Singapore. As at the Latest Practicable Date, we had registered three trademarks in Singapore and two trademarks in Hong Kong. We had filed one application for registration in Hong Kong and one application for registration in Singapore.

For further details of our material intellectual property rights, please refer to the section headed "Statutory and General Information — C. Further Information About the Business of our Company" in Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, no material claim or dispute was brought against our Group in relation to any infringement of trademarks, patents or other intellectual property rights. Our Directors are not aware of any infringement of our intellectual property rights by any third party that would result in a significant potential impact to our business.

PROPERTIES

As at the Latest Practicable Date, our Group had leased a total of four properties, one each in Singapore and India, and two in Malaysia.

As at the Latest Practicable Date, we leased the following properties:

Landlord	Description	Usage	Lease Term	Monthly rental fee	Size
Lucas Real Estate Singapore Pte. Ltd.	1 Fusionpolis View #08-02 Singapore 138577 Singapore	Office	August 2014 to July 2017	S\$39,957.30	9,866 sq. ft. (approximate gross floor area)
(1) Hong Kah Jin (2) Sadie Kydd	Office premise known as D6-5-10, Bangunan Perdagangan d6, 801 Jalan Sentul, 51000 Kuala Lumpur Malaysia	Sales, marketing and administration office	On a monthly tenancy ^(Note)	RM2,600	Information not available

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Landlord	Description	Usage	Lease Term	Monthly rental fee	Size
Chong Ah Nyan	Unit No. 3-12-06, Block 3 Jalan Pengaturcara U1/51A Seksyen U1 40150 Shah Alam Selangor Malaysia	Office	1 December 2016 to 30 November 2018	RM7,235	–
Dhole Premlata Bapu	Apartment/Flat No. S-26, S-27B Destination Centre Sinhgad Road Nanded City, Pune India	Registered office of Anacle India	1 June 2016 to 31 May 2019	Rs. 230,490	2,280 sq. ft. (approximately built up area)

Note: The lease agreement in respect of the existing property in Malaysia expired on 31 August 2016 and the landlords agreed to extend our lease on a monthly basis. Subsequently, we had served a notice of termination to the landlords on 26 October 2016 pursuant to which the lease will terminate with effect from 30 November 2016.

During the Track Record Period and up to at the Latest Practicable Date, our Group did not own any properties.

EMPLOYEES

As at the Latest Practicable Date, our Group had 93 full-time employees of which 76 were located in Singapore, five were located in Malaysia and 12 were located in India.

The table below sets out a breakdown of our employees by function:

Project consulting and implementation	40
Research and development	32
Maintenance and technical support	9
Marketing	2
Finance and corporate administration	8
Supply chain management	2
Total	<u>93</u>

We recruit our employees mainly through campus recruitment, job-market recruitment and internal referrals taking into account various factors including the candidates' educational qualification, work experience and technical knowledge aptitude.

BUSINESS

Our Directors consider that our employees are the most valuable assets of our Group and they have contributed significantly to the growth and success of our Group. We provide in-house training to our staff to keep them abreast of the latest technological know-how. In addition, we sponsor some of our staff to attend external training and courses. During the Track Record Period, we had not experienced any significant turnover of staff or any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained good relationships with our employees.

MARKET AND COMPETITION

Both the enterprise application industry and the energy management system industry in Singapore are highly competitive and fragmented. According to the Frost & Sullivan Report: (a) in terms of revenue generated from sales of enterprise application software in Singapore, the market size reached approximately US\$1,040.6 million in 2015; (b) in terms of revenue generated from sales of commercial property management software in Singapore, the market size reached a total of approximately US\$62.4 million in 2015; and (c) in terms of revenue generated from sales of building energy management system in retrofit segment in Singapore, the market size reached a total of approximately US\$7.3 million in 2015. According to the Frost & Sullivan Report, we were among the top 100 firms in the enterprise applications software industry in Singapore with a market share at approximately 0.42% in terms of revenue in 2015. We were the second largest provider of commercial property management software and the third largest provider of building energy management system in the retrofit market in Singapore in 2015 in terms of revenue.

According to the Frost & Sullivan Report, barriers to entry of the enterprise application industry include deep and the thorough understanding of client companies' business needs, long sales cycle and advanced requirements on stability, compatibility and customisation. Barrier to entry of the building energy management system include challenges from first-mover's advantage by improvement for product and service, exclusion by established partnership and threat of potential substitute.

Please refer to the section headed "Industry Overview" in this prospectus for an analysis of the enterprise application industry and the energy management system industry.

RISK MANAGEMENT, INTERNAL CONTROL AND CORPORATE GOVERNANCE

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. Details on risk categories identified by our management, reporting and disclosure mechanism, remedial measures and contingency management have been codified in our policies and adopted by us or will be adopted by us upon the Listing. For details of the major risks identified by our management, please refer to the section headed "Risk Factors" in this prospectus.

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As a fast-growing IT company focusing on the research and development of software and hardware products for business enterprises, our operations face challenges from the potential risks, such as damage, breaches and losses on both software and hardware. To monitor these potential risks, we have adopted the following measures:

Computer Hardware Risk Management

Server Infrastructure

Our Company has two sets of hardware infrastructure, (i) server infrastructure for hosting of internal applications such as management information systems as well as electronic filing ("**Internal Cloud**"), and (ii) server infrastructure for hosting of SaaS offerings for our customers and/or end-users ("**External Cloud**"). To mitigate the potential server infrastructure operation risks, we have adopted the multi-sites and multiple server infrastructure model which comprises (i) for the Internal Cloud, a server infrastructure in the Tier2 Data Centre at our Group's head office which is equipped with basic site infrastructure with expected redundant availability of approximately 99.671%, and (ii) for the External Cloud, a server infrastructure in Tier3 Data Centre in Singapore which serves as our Group's primary SaaS cloud. In addition, there is a third set of server infrastructure in the Tier3 Data Centre in Singapore which serves as the disaster recovery cloud; these servers will take over the primary SaaS cloud when it fails. For both of such Tier3 Data Centres, aside from high availability server infrastructure, they have been designed to meet over 99.982% availability requirements, with clustered sets of web, application and database servers. In addition, all types of IT equipment in Tier3 Data Center are dual-powered and fully compatible with the topology of a site's architecture. Both sets of server infrastructure are monitored remotely in real time by our IT personnel.

Our Internal and External Cloud server infrastructure is backed up daily with an automated backup library system and the backup tapes stored in a purpose-built tape cabinet at our Company's office premise which is offsite from our data centres. Within our Group, the access to the server infrastructure are restricted and tightly monitored.

Personal Computers

The personal computers and laptops of the key personnel of our Group are backed up with an account of a well-known file hosting service provider to prevent the loss of critical company data in case of hardware failure.

Network Security Risk Management

There are potentially two broad categories for network security risks in our Group's daily operations, which are (i) wide area and local area transmission risk, and (ii) credential risk. In order to control these two risks, both our Internal and External Clouds systems support Secured Socket Layer (SSL) encryption for network traffic; and all users of these two cloud systems are required set up user-specific username and passwords. Further, there are also specific password policies in place, such as password complexity and password expiry, at the software application security level with potential addition of tools for enhanced security measures.

Data Storage Risk Management

Our Group follows the Singapore Government's Personal Data Protection Act (PDPA) with respect to the management of data. Our employees are regularly instructed and trained on the salient points of the PDPA to familiarise them on the data protection requirements.

BUSINESS

Data in the primary External Cloud is stored in a clustered database environment (redundant database servers with storage area network), and backed up daily using an automated tape library system. The tapes are then stored offsite in a purpose-built tape cabinet at our Company's office premise which is offsite from our data centres. Access to data is restricted to and tightly monitored by our Company's database administrators. All confidential information in hosted databases is encrypted, and all changes are logged for forensic audit purpose.

During the Track Record Period, we did not experience any breach of material loss of computer software or hardware, breach of network security, or damage of data storage related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an Audit Committee responsible for overseeing the financial records, internal control procedures and risk management systems of our Company;
- the appointment of Mr. Ong Swee Heng as compliance officer, and Ms. Sylvia Sundari Poerwaka and Mr. Kwok Siu Man (郭兆文) as joint companies secretaries, to ensure compliance of our operations with the relevant laws and regulations. For their biographical details, please refer to the section headed "Directors and Senior Management" in this prospectus;
- the appointment of KGI Capital Asia Limited as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules;
- the engagement of external legal advisers to advise us on compliance with the GEM Listing Rules and to ensure we will not be in breach of any relevant regulatory requirements or applicable laws, where necessary; and
- as regards risks associated with our business as well as information technology infrastructure and network:
 - (i) the installation of firewall, anti-virus and anti-spyware to all laptops, computers and tablets issued by our Company;
 - (ii) the encryption of all confidential files with passwords. Further, our employees are only allowed to use laptops, computers and tablets issued by our Company to process propriety and confidential data;
 - (iii) the periodic conduct of information technology risk assessment by our principal software engineer, which will be supervised by our chief operating officer; and
 - (iv) the setting up of a business continuity plan/disaster recovery plan to deal with changing business environment or accidents and the conduct of a disaster recovery testing periodically.

SALES THROUGH A CHANNEL PARTNER TO MYANMAR

The United States and other jurisdictions or organisations, including the EU, the UN and Australia, have comprehensive or broad economic sanctions targeting the Sanctioned Countries. During the Track Record Period, we sold **Starlight** energy management products to a channel partner in Singapore who then supplied these products to a shopping mall in Myanmar (Burma). Myanmar was historically subject to comprehensive sanctions administered by the U.S. and other jurisdictions, although these sanctions were eased significantly in 2012. All comprehensive sanctions targeting Myanmar were lifted on 7 October 2016. During the Track Record Period, Myanmar has continued to be subject to certain international sanctions prohibiting dealing with persons on the specially designated nationals and blocked persons list maintained by OFAC or other restricted parties lists maintained by the EU, the UN or Australia. The amount of total revenue derived from sales of **Starlight** energy management products to the channel partner in Singapore amounted to approximately S\$9,142 and S\$1,500, which represented approximately 0.12% and 0.01% of our total revenue for the two financial years ended 31 May 2016, respectively.

As advised by Hogan Lovells, our legal advisors as to International Sanctions laws, based on the following procedures conducted by them, the sale and delivery of our products to the channel partner in Singapore, which were eventually delivered to locations in Myanmar, during the Track Record Period does not implicate application of any International Sanctions laws on our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, HKSCC and HKSCC Nominees:

- (a) reviewed documents provided by us that evidence the sale and delivery of our products to the channel partner in Singapore and then onto customers in Myanmar during the Track Record Period;
- (b) received written confirmation from us that neither our Group nor any of our affiliates has conducted during the Track Record Period any business dealings in or with any other countries or persons that are the subject of International Sanctions; and
- (c) reviewed the list of our customers to whom such sales of products have been made during the Track Record Period against the lists of persons and organisations subject to International Sanctions, and confirmed that none of our customers are on such lists.

In relation to the sale and delivery of our products to the channel partner in Singapore, which were eventually delivered to a shopping mall in Myanmar, during the Track Record Period, we have not been notified that any sanctions will be imposed on us. None of the contracting parties are specifically identified on the specially designated nationals and blocked persons list maintained by OFAC or other restricted parties lists maintained by the EU, the UN or Australia and therefore would not be deemed to be sanctioned targets. Further, our sales do not involve industries or sectors that are currently subject to specific sanctions by the United States, the EU, the UN or Australia and therefore are not deemed to be prohibited activities under the relevant sanctions laws and regulations. Our Directors have undertaken with the Stock Exchange not to enter into prohibited activities under the relevant sanctions laws and regulations that would expose our Group, or any person or entity, including our Group's investors, our Shareholders, the Stock Exchange, HKSCC or HKSCC nominees to risk of being sanctioned. Our Directors do not expect any significant increase or decrease in our Group's sales to the channel partner in Singapore upon Listing.

BUSINESS

We will continue to evaluate and monitor our existing and ongoing business with the channel partner in Singapore, and all our customers, in order to control our exposure to sanction risks. In assessing whether to continue our existing and ongoing business and whether to embark on new business opportunities connected with Myanmar, we will take into account: (i) whether the relevant business activities involve any industries or sectors that are subject to any International Sanctions; (ii) whether the counterparties to the relevant transactions have become subject to any International Sanctions; (iii) the size and value of the business activities as a percentage of our total revenue; and (iv) the potential risk to us of continuing such activities.

To monitor our exposure to sanction risks and to ensure compliance with the undertakings to the Stock Exchange, we have adopted the internal control measures as described below:

- We will evaluate relevant sanctions risks prior to determining whether we should embark on any business opportunities in Sanctioned Countries and with Sanctioned Persons. We will review and approve all relevant business transaction documentation from customers or potential customers from Sanctioned Countries and with Sanctioned Persons. In particular, we will review the information (such as identity, nature of business and other customer information) relating to the counterparty to the contract along with the draft business transaction documentation. We will check the counterparty against the various lists of restricted parties and countries maintained by the United States, the EU, the UN or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC administered sanctions which lists are publicly available, and determine whether the counterparty is, or is owned or controlled by, a person located in Sanctioned Countries or a Sanctioned Person. If any potential sanctions risk is identified, we will seek advice from reputable external international legal counsel with necessary expertise and experience in International Sanctions law matters;
- If necessary, we will arrange external international legal counsel to provide training programmes relating to the sanctions laws to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations. We will also arrange our external international legal counsel to provide current lists of Sanctioned Countries and Sanctioned Persons to our Directors, senior management and other relevant personnel, who will, in turn, disseminate such information throughout our domestic operations and overseas offices and branches.

Taking into consideration the internal control measures set out above, our Directors are of the view that these measures will provide a reasonably adequate and effective framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of the Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders, potential investors and us.

BUSINESS

COMPLIANCE, PERMITS, APPROVALS AND LICENCES

Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, our Group had complied with all applicable laws and regulations in all material aspects in the jurisdictions in which it operates, and had obtained and renewed all the material requisite permits, approvals and licences for its operations in Singapore, Malaysia and India during the Track Record Period.

LEGAL PROCEEDINGS

To the best knowledge of our Directors, during the Track Record Period and as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), our Founders, Management Shareholders, Series A Investors and Series B Investor will collectively be interested in approximately 39.55% of our total number of issued Shares. Because these Shareholders are acting in concert with each other, they will together be entitled to exercise and control the voting power at the general meetings of our Company attached to the Shares held by them and will collectively be regarded as our Controlling Shareholders under the GEM Listing Rules. For further details of the identities of, and relationship among, each of our Controlling Shareholders as well as their respective shareholdings in our Company, See "History and Development — Our Shareholders".

The table below sets out the information regarding the ownership of our Shares immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options):

Name of Shareholder	Number of Shares	Approximate percentage of voting rights
Mr. Lau	45,500,000	11.40%
Mr. Ong	22,750,000	5.70%
Management Shareholders (collectively)	22,750,000	5.70%
Series A Investors (collectively)	27,300,000	6.84%
Series B Investor	39,565,162	9.91%
Other Shareholders (collectively and including the participants of the Placing)	241,293,334	60.45%

Mr. Lau and Mr. Ong founded our Group in 2006. See "History and Development — History and Business Development — Origin and Founders" for further details on the founding of our Group and "Directors and Senior Management — Executive Directors" for the biographical details and industry experience of our Founders. Our Management Shareholders are current/former members of our management and staff who obtained our Shares as part of their employment incentive. Our Series A Investors are business and personal acquaintances of our Founders who invested in our Company in their personal capacities. Our Series B Investor is a venture capital fund which subscribed for our Shares as a financial investment and focuses on investing in Asia-based, early stage technology start-ups. See "History and Development — Our Shareholders" for further details on our Controlling Shareholders' background.

Save for their immaterial stock dealings on the Singapore Exchange (each of which does not exceed 1% of the relevant company), none of our Controlling Shareholders is interested in any public company other than our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Lock-up undertakings provided by our Controlling Shareholders

Except for our Series B Investor, our Controlling Shareholders have, pursuant to the Underwriting Agreement, provided a lock-up undertaking to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) that, among other things, they will not dispose of or otherwise transfer their respective Shares for a period commencing from the date of this prospectus and ending on the date falling 18 months from the Listing Date. Our Series B Investor has provided a similar lock-up undertakings for a period commencing from the date of this prospectus and ending on the date falling twelve months from the Listing Date under the Underwriting Agreement. See “Underwriting — Underwriting Arrangement and Expenses — Undertakings under the Underwriting Agreement” for details. To ensure the effective operation of this undertaking, our Company and each of our Controlling Shareholders have instructed the Hong Kong Share Registrar to place a “stop transfer” entry in our Company’s register of members against the transfer of any Share held by the Controlling Shareholders except in compliance with the undertakings set out above. Any transfer against such entry will require (i) an express authority from our Board of Directors in the form of a duly adopted resolution (which our Directors will not approve unless that undertakings set out above have been complied with); and (ii) written consent from the relevant Controlling Shareholder.

Controlling Shareholders acting in concert

Over the course of our business history, each of our Controlling Shareholders has, in exercising and implementing the management and operations of our Group, been acting in concert with each other. Because we were a group of private entities in the past, these acting in concert arrangements were not formalised into writing.

On 1 May 2016, each of our Controlling Shareholders executed the Deed of AIC Confirmation, whereby they have confirmed their acting in concert arrangements in the past, as well as their intention to continue to act in such manner upon Listing to consolidate their control over our Group until and unless the Deed of AIC Confirmation is terminated in writing. The Deed of AIC Confirmation covers our Company and all of our subsidiaries.

With respect to the businesses of our Company and our subsidiaries, our Controlling Shareholders have, pursuant to the Deed of AIC Confirmation, confirmed to each other that, for the entire duration when they were/are contemporaneously the shareholders of our Company and our subsidiaries:

- (a) they have agreed to, and shall continue until the termination of the Deed of AIC Confirmation to, consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders’ resolution, prior to putting forward such resolution to be passed at any shareholders’ meeting of our Company and our subsidiaries, and have historically voted on such resolutions in the same way;
- (b) they have centralised, and shall continue until the termination of the Deed of AIC Confirmation to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Company and our subsidiaries;
- (c) they have operated, and shall continue until the termination of the Deed of AIC Confirmation to operate, our Company and our subsidiaries as a single business venture.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

On the basis of the provisions under the Deed of AIC Confirmation, our Controlling Shareholders are regarded as persons acting in concert with each other under the Takeovers Code, and are deemed to be entitled to exercise the voting powers attached to the Shares owned by each of them in the general meetings of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group can function, operate and carry on our business, and is financially and operationally, independent of our Controlling Shareholders and their respective close associates based on the following reasons.

No competition and clear delineation of business

None of our Controlling Shareholders and none of their respective close associates has any interests in businesses which compete, or are likely to compete, either directly or indirectly, with our business. Upon Listing, we will continue to design, develop and implement enterprise application software and energy management systems.

The table below sets out our non-competition status with our Controlling Shareholders and their principal activities and business interests:

Controlling Shareholder	Non-competition
Mr. Lau	Mr. Lau is one of our Founders and his interests in our Group are his principal business venture.
Mr. Ong	Mr. Ong is one of our Founders and his interests in our Group are his principal business venture.
Management Shareholders	Each of our Management Shareholders is a current/former member of our senior management and/or their respective spouses and has confirmed that he/she does not have interests in any business that competes, or is likely to compete, either directly or indirectly, with our business.
Series A Investors	Our Series A Investors are business and personal acquaintances of our Founders. Each of our Series A Investors has confirmed that he/she does not have interests in any business that competes, or is likely to compete, either directly or indirectly, with our business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Controlling Shareholder

Series B Investor

Non-competition

Our Series B Investor is a venture capital fund that focuses on Asia-based, technology start-ups. According to our Series B Investor and to the best of our Directors' knowledge, the investment portfolio of our Series B Investor comprises an e-commerce developer, a healthcare and wellness enterprise, an online video-conferencing developer, a solar energy developer, a hardware manufacturer, social media application developers, social games developers and travel search engine developers, all of which do not compete, or are not likely to compete, either directly or indirectly, with our business.

Independence of management and directorship

Our Company has a Board and members of senior management that function independently from our Controlling Shareholders and their respective close associates. Our Board comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. Our senior management consists of five members. On the basis of the following reasons, our Directors believe that our Directors and members of our senior management are able to manage our business independently of our Controlling Shareholders:

- (i) with three Independent non-executive Directors out of a total of eight Directors in our Board, which exceeds the requirements under the GEM Listing Rules, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and protect the interests of our independent Shareholders;
- (ii) all members of our senior management are full-time employees of our Group and most have, for the entire or substantially the entire Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of our senior management team include managing operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders;
- (iii) instances of actual or potential conflict have been identified (by virtue of the connected transaction regime under the GEM Listing Rules) and minimised (by virtue of the Deed of Non-Competition);
- (iv) each of our Directors is aware of his fiduciary duties as a Director of our Company, which require, among other things, that he acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his duties as a Director and his personal interests to affect the performance of his duties as a Director;
- (v) our executive Directors will continue to devote their full-time capacity to take care of our Group's interest. All members of our senior management will devote full-time capacity to our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vi) Prof. WONG Poh Kam serves as the director of our Series B Investor and will continue to serve in such position following the Listing. It is expected that Prof. Wong will not be involved in our day-to-day business operations as a non-executive Director, and our Directors believe that such arrangement will not affect the discharge of his duties and responsibilities to us or our Series B Investor;
- (vii) there will be no continuing connected transaction between our Group and our Controlling Shareholders upon Listing. Any future connected transactions between our Company and our Controlling Shareholders or companies controlled by them will be subject to the rules and regulations under the GEM Listing Rules including rules relating to announcement, reporting and independent Shareholders' approval (where applicable);
- (viii) all of the businesses that are related to the design, development and implementation of enterprise application software and energy management system held by our Controlling Shareholders have been consolidated into our Group. Therefore, there is no competition that would adversely affect the management independence of our Group; and
- (ix) a number of corporate governance measures are in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. See "— Corporate Governance Measures" below.

Save for our Founders' directorship in our Group and Prof. WONG Poh Kam's directorship in our Company and our Series B Investor, our Directors have confirmed that there is no overlap in our Directors and senior management between our Company and our Controlling Shareholders and/or their respective close associates.

Operational independence

Our Company makes business decisions independently. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent of our Controlling Shareholders and other companies controlled by our Controlling Shareholders:

- (i) our Company is not reliant on trademarks and patents owned by our Controlling Shareholders, or other companies controlled by our Controlling Shareholders;
- (ii) our Group is the holder of all relevant licences material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (iii) our Company has our own administrative and corporate governance infrastructure (including our own accounting, legal and human resources departments);
- (iv) all of the properties used as our principal place of business and offices premises are leased from Independent Third Parties by our Company or our subsidiaries;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (v) all external services and/or procurement required by our Company or our subsidiaries are provided by and, if needed, can be easily sourced from, Independent Third Parties; and
- (vi) our Company has established a set of internal control procedures to facilitate the effective operation of our business.

Based on the above-mentioned arrangements, our Directors are of the view that our Company will be able to operate independently of our Controlling Shareholders.

Related-party transactions between our Group and entities controlled by our Controlling Shareholders

During the Track Record Period, no related party transactions were entered into between our Group and our Controlling Shareholders or entities controlled by them, except for interest expense in the amount of S\$7,622 paid to our Series B Investor. See Note 35 to the Accountants' Report set out in Appendix I to this prospectus for details. Our Directors have confirmed that no related party transaction or connected transaction is expected to continue upon Listing.

Financial independence

Our Directors are of the view that our Group will be financially independent of our Controlling Shareholders and any of their respective close associates upon Listing. All loans, advances and balances due to and from our Controlling Shareholders and their respective close associates (e.g., our Shareholders' loan) will be fully settled and all share pledges and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing has been fully released as at the date of this prospectus. In addition, we have our own internal control and accounting systems, accounting and finance department, and independent access to third-party financing. Our Directors are satisfied that we are capable of conducting our business independently of any of our Controlling Shareholders (including their respective close associates) after our Company is listed on GEM.

DEED OF NON-COMPETITION

Non-competition

For the purpose of the Listing, our Controlling Shareholders have entered into the Deed of Non-Competition, pursuant to which each of our Controlling Shareholders has irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, 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 Restricted Business (whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

“Restricted Business” stated in the Deed of Non-Competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with:

- (a) our business referred to in “Business”; and
- (b) any other business from time to time conducted, engaged in or invested in by any member of our Group or which any member of our Group has otherwise publicly announced its intentions to conduct, enter into, engage in or invest in on the Stock Exchange pursuant to the GEM Listing Rules and the SFO.

Each of our Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company (including a quarterly update on their current business ventures in writing) which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition or a negative confirmation, as appropriate; and
- (b) to make an annual declaration on compliance with his/her/its non-competition undertaking under the Deed of Non-Competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the GEM Listing Rules.

New Opportunity

The Controlling Shareholders have further undertaken to procure that, during the restricted period, any business investment or other commercial opportunity which competes or is likely to compete, either directly or indirectly, with the business of our Group (the “**New Opportunity**”) identified by or offered to him/her/it or any entity controlled by him/her/it, is first referred to us in the following manner:

- (a) the relevant Controlling Shareholder is required to refer, or to procure the referral of, the New Opportunity to us, and shall give written notice (the “**Offer Notice**”) to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs; and
- (b) upon receiving the Offer Notice, our Company shall seek approval from a Board committee (comprising, among others, all the independent non-executive Directors who do not have an interest in the New Opportunity) (the “**Independent Board**”) as to whether to pursue or decline the New Opportunity. Any Director who has actual or potential interest in the New Opportunity shall not be a member of the Independent Board and shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, or count towards the quorum for, any meeting or part of a meeting convened to consider such New Opportunity;
 - (i) the Independent Board shall consider the financial impact of pursuing the New Opportunity offered, whether the nature of the New Opportunity is consistent with our Group’s strategies and development plans, the general market conditions of the business; if appropriate, the Independent Board may appoint

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

independent financial and legal advisers to assist in the decision-making process in relation to such New Opportunity;

- (ii) the Independent Board shall, within 20 business days of receipt of the written notice referred to in (a) above, inform the relevant Controlling Shareholder in writing on behalf of our Company its decision whether to pursue or decline the New Opportunity. Such notice period can be extended if mutually agreed in writing;
- (iii) the relevant Controlling Shareholder shall be entitled but not obliged to pursue such New Opportunity if he or she or it has received a notice from the Independent Board declining such New Opportunity or if the Independent Board failed to respond within such 20 business days period (or the extended period, where applicable) pursuant to (b)(ii) above; and
- (iv) if there is any material change in the nature, terms or conditions of such New Opportunity pursued by the relevant Controlling Shareholder, he or she or it shall refer such New Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-Competition as if it were a New Opportunity.

Our Independent Board will also review, on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders, the results of which will be disclosed in our annual reports. Furthermore, the Independent Board may appoint financial advisors or professional experts to provide advice, at the cost of our Company, in connection with whether to take up any New Opportunity.

Exceptions

The Deed of Non-Competition does not apply to:

- (a) any interests in the shares of any member of our Group since the business of such member is not in competition with our Group. Moreover, none of our Controlling Shareholders currently has any intention to hold shares directly in any member of our Group; or
- (b) interests in the shares of a company other than our Group which shares are listed on a recognised stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (ii) the total number of the shares held by the relevant Controlling Shareholder and/or his/her/its associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholder and his/her/its associates, whether acting singly or jointly, are not entitled to appoint a majority of our Directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate, with its associates) whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholder and his/her/its associates in aggregate.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The “*restricted period*” stated in the Deed of Non-Competition refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; (ii) the relevant Controlling Shareholder and his/her/its associate hold an equity interest in our Company; and (iii) the relevant Controlling Shareholder and/or his/her/its associates jointly or severally (whether pursuant to the Deed of AIC Confirmation or not) are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. In other words, if our Company were no longer listed on the Stock Exchange or the relevant Controlling Shareholder came to hold less than 30% of the Shares then issued, the Deed of Non-Competition would not apply. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the GEM Listing Rules and the Takeovers Code for the concept of “*control*”.

CORPORATE GOVERNANCE MEASURES

Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

- (i) in preparation for the Listing, our Company has amended our Constitution to comply with the GEM Listing Rules. In particular, our Constitution provides that, except for certain exceptions permitted under the GEM Listing Rules or by the Stock Exchange, a Director shall not vote on any Board resolution approving any contract in relation to which he has a material interest, nor shall such Director be counted in the quorum present at the meeting. Furthermore, a Director who holds directorship and/or senior management positions in our Controlling Shareholders or any of its close associates (other than our Company or any member of our Group) shall not vote on any Board resolution regarding any transactions proposed to be entered into between any member of our Group and our Controlling Shareholders or any of its close associates (other than our Company or any member of our Group), nor shall such Director be counted in the quorum present at such meeting;
- (ii) we have appointed KGI Capital Asia Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the GEM Listing Rules, including but not limited to various requirements relating to Directors’ duties and internal controls;
- (iii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- (iv) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through an annual report, or by way of announcement to the public;
- (vi) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-Competition in the annual reports of our Company;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vii) the management structure of our Group includes our Audit Committee, our Remuneration Committee, and our Nomination Committee, the terms of reference of each of which will require them to be alert to prospective conflicts of interest and to formulate their proposals accordingly;
- (viii) pursuant to the Corporate Governance Code in Appendix 15 to the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs;
- (ix) each of the Controlling Shareholders undertakes to keep us informed and shall procure his/her/its respective associates to keep us informed, of new business opportunities and to provide all information reasonably required by the independent non-executive Directors to assist them in their consideration of any new business opportunity; and
- (x) our independent non-executive Directors will also review, on an annual basis, the implementation of the Deed of Non-competition and any decisions in relation to new business opportunities referred to us, and state their basis and reasons in our Company's annual report.

Our Company expects to comply with the Corporate Governance Code in Appendix 15 to the GEM Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have complied with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

In the event that our Company decides not to proceed with any particular projects or business opportunities and that our Controlling Shareholders decide to proceed with such a project or business opportunity, we will announce such decision by way of an announcement setting out therein the basis for us not taking the project or the business opportunity.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors is responsible and has general powers for the management and conduct of our business. The table below sets out certain information on the members of our Board:

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities
Mr. Lau E Choon Alex (劉伊浚)	43	Executive Director and chief executive officer	21 February 2006	21 February 2006	Overseeing the overall management, corporate development and strategic planning of our Group
Mr. Ong Swee Heng (王瑞興)	43	Executive Director and chief operating officer	21 February 2006	21 February 2006	Overseeing the corporate development and strategic planning of our Group
Mr. Robert Chew	59	Non-executive Director	31 July 2014	31 July 2014	Reviewing and supporting our Company's financial reporting, risk management and internal control systems; member of our Audit Committee
Prof. Wong Poh Kam (黃寶金)	64	Non-executive Director	17 October 2007	17 October 2007	Formulating our Company's remuneration policy; member of our Remuneration Committee
Mr. Lee Suan Hiang (李泉香)	66	Chairman of our Board and non-executive Director	18 December 2013	18 December 2013	Managing our Board and reviewing the structure, size and composition of our Board; chairman of our Nomination Committee

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities
Mr. Alwi Bin Abdul Hafiz	54	Independent non-executive Director	24 November 2016	24 November 2016	Supervising and providing independent advice to our Board; member of our Remuneration Committee and our Nomination Committee
Mr. Elango Subramanian	54	Independent non-executive Director	24 November 2016	24 November 2016	Supervising and providing independent advice to our Board; chairman of our Remuneration Committee and member of our Audit Committee and our Nomination Committee
Mr. Li Man Wai (李文偉)	59	Independent non-executive Director	24 November 2016	24 November 2016	Supervising and providing independent advice to our Board; chairman of our Audit Committee

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management comprises the following members:

Name	Age	Position	Date of joining our Group	Roles and responsibilities
Ms. Sylvia Sundari Poerwaka	40	Financial Controller	19 March 2012	Overseeing the financial department of our Group
Mr. Ho Hai Aik (何海益)	41	Head of Business Consulting	26 June 2006	Overseeing the project management, business consulting, pre-sales support and business development of our Group
Mr. Li Shan (李山)	38	Senior Principal Software Architect	11 February 2008	Overseeing the software platform decisions, software architecture and design, and key research and development programme of our Group
Mr. Jindhar Chougule	41	Chief executive officer and director of Anacle India	3 March 2014	Overseeing the product management, product design, development and testing and customer support of our Group
Mr. Noor Sharazain Bin Ahmad Noordin	38	Chief executive officer of Anacle Malaysia	1 June 2016	Overseeing the business development, sales, operations and execution of administrative and support functions of Anacle Malaysia

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lau E Choon Alex (劉伊浚), aged 43, was appointed as our Director and the chief executive officer of our Company on 21 February 2006 and designated as our executive Director on 24 November 2016. Mr. Lau is also a director of Anacle Malaysia and Anacle India. Mr. Lau founded our Group with Mr. Ong in February 2006 and has been responsible for our Group's overall management, corporate development and strategic planning. Mr. Lau graduated from Cornell University in the United States with a bachelor's degree in Computer Science and Electrical Engineering in May 1997. He also obtained a master's degree in Electrical Engineering at Stanford University in September 1998.

Mr. Lau has more than 16 years of experience in the software industry. He accumulated his experience in the software industry when he co-founded Buildfolio Technologies Pte. Ltd. ("**Buildfolio**"), a Singapore company engaged in developing enterprise wireless computer integrated facility management solutions, in April 2000. Mr. Lau acted as a director of Buildfolio since its incorporation up to May 2005 and from January 2006 to March 2006. He was responsible for planning the technology roadmap and product development methodologies of the company and was in charge of the company's operations in the Asia Pacific. Acquisition International, a UK-based global corporate magazine, has selected Mr. Lau to be included in its upcoming issue as one of their 2016 CTO Top 50, Singapore.

Mr. Ong Swee Heng (王瑞興), aged 43, was appointed as our Director and the chief operating officer of our Company on 21 February 2006 and designated as our executive Director on 24 November 2016. Mr. Ong is also a director of Anacle Malaysia. Mr. Ong founded our Group with Mr. Lau in February 2006 and has been responsible for the corporate development and strategic planning of our Group. Mr. Ong graduated from the National University of Singapore with a bachelor's degree in Electrical Engineering in July 1997 and a master's degree in Management of Technology from the same university in February 2002.

Mr. Ong has more than 16 years of experience in project management, technical design and development of large scale enterprise projects. From May 1998 to December 1999, Mr. Ong worked at the Defence Science & Technology Agency of Control Communications & Computer Systems Organization, a statutory organisation of the Singapore Ministry of Defence, as a defence engineering and scientific officer, and was responsible for development of naval command and control systems. Mr. Ong accumulated his experience in project management when he worked in the same organisation with his last position as project manager, during which he was responsible for the management of naval command and control projects, up to November 2003. Mr. Ong acted as a director of technical operations at Buildfolio from December 2003 to February 2006, during which he was primarily responsible for designing product development methodologies as well as managing the technical teams.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Robert Chew, aged 59, our non-executive Director, joined our Group as a Director on 31 July 2014 and was designated as our non-executive Director on 24 November 2016. Mr. Chew obtained a bachelor's degree in Accountancy from the National University of Singapore in May 1981 and a master's degree in Computer Science from the University of Auckland in New Zealand in May 1988.

Mr. Chew has extensive experience in management and technology consulting. He joined Accenture Pte. Ltd. ("**Accenture**"), a global company engaged in strategy, consulting, digital, technology and operations, in September 1993, and acted as a director from January 1997 to August 2001 and from August 2003 to August 2007. In Accenture, he was responsible for overseeing the communications and high technology and the strategy business units in Singapore and South East Asia, respectively.

Since his retirement from Accenture in October 2007, he has also been a director of technology companies including Streetsine Technology Group Pte. Ltd. from May 2013 to October 2014, Treebox Solutions Pte. Ltd. since June 2015 and Assurity Trusted Solutions Pte. Ltd. since June 2016. He has also served as a director in iGlobe Partners (II) Pte. Ltd. and iGlobe Platinum Fund II Pte. Ltd. since June 2015 and in iGlobe Advisors Pte. Ltd. since July 2016 in which he is responsible for identifying, evaluating and directing early stage technology companies. He has served as a board member of various hospitals and social organisations since 2007.

Between March 2012 and April 2015, Mr. Chew had been an independent non-executive director of Pteris Global Ltd. (stock code: UD3), a company the shares of which are listed on the Singapore Exchange.

Prof. Wong Poh Kam (黃寶金), aged 64, our non-executive Director, joined our Group as a Director on 17 October 2007 and was designated as our non-executive Director on 24 November 2016. Prof. Wong graduated from the Massachusetts Institute of Technology in the United States with bachelor's degrees in Physics and Electrical Engineering, respectively, in May 1974. He then obtained a master's degree in Electrical Engineering and Computer Science in September 1975 and a doctoral degree in Urban and Regional Planning in June 1979 from the same university.

Prof. Wong has extensive experience in the field of education and consulting. From April 1979 to June 1984, Prof. Wong was a lecturer at Universiti Sains Malaysia (USM) in Malaysia. From July 1985 to August 1988, he acted as the managing director of SERES Sdn Bhd, a research and consultancy company. Prof. Wong then held various academic positions in the Department of Strategy and Policy, School of Business of National University of Singapore from September 1988. He started as a senior lecturer and took the position of an associate professor in 1997 until he was promoted to and took the role as a professor of the same department since January 2008. Prof. Wong has been a director of BAF Spectrum Pte. Ltd., our Series B Investor, since October 2006 and also a shareholder of the company. He has beneficial interest in iGlobe Sapphire Pte. Ltd., which owns as to approximately 21.1% of iGlobe, a Series C & D Investor.

Prof. Wong received the Public Administration Medal (Silver) Award from the Singapore Government in 2013 for his contribution to education in Singapore, and was appointed a member of the Competition Commission of Singapore (CCS) in August 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Suan Hiang (李泉香), aged 66, our non-executive Director, joined our Group as a Director on 18 December 2013 and was appointed as the chairman of our Board on 2 June 2014 and was designated as our non-executive Director on 24 November 2016. Mr. Lee obtained a bachelor's degree in Industrial Design (Engineering) from Manchester Polytechnic (now known as Manchester Metropolitan University) in February 1976. He completed the International Executive Programme at INSEAD, a graduate business school, in May 1988, the Leaders in Administration Programme at the Singapore Civil Service College in September 1997 and the Advanced Management Programme at Harvard University in June 1998. Mr. Lee was appointed Fellow of the Chartered Management Institute in the United Kingdom in May 1998, Singapore Institute of Directors in March 2016, the Chartered Institute of Marketing in the United Kingdom in June 2004, the World Academy of Productivity Science in October 1999 and the Asian Productivity Organisation in January 2014.

Mr. Lee has extensive experience in economic development and business advisory and consulting. He has been the president of Singapore Economic Development Board Society since March 2005 and a member of the board of governors of the Chartered Management Institute, an accredited professional institution for management, since 2010.

Mr. Lee had a varied career in the public service as deputy managing director of the Singapore Economic Development Board from April 1993 to January 1995, and the chief executive of the Singapore National Productivity Board and the Singapore Institute of Standards and Industrial Research (which subsequently merged to form Productivity and Standards Board) from February 1995 to March 2002. He was also the chief executive of the Singapore Standards, Productivity and Innovation Board (SPRING Singapore) from April 2002 to October 2003 and the National Arts Council from October 2003 to July 2009. In these roles he was actively involved in Singapore's economic development, developing international business linkages and helping Singapore companies to regionalise. He also led the national programme to develop and nurture Singapore's small and medium enterprises; and spearheaded national efforts to develop and promote productivity, standards, innovation and the arts. He was also a council member of International Standards Organisation (ISO) from 2002 to 2003, deputy chairman of the International Federation of Arts Councils and Cultural Agencies from 2003 to 2009 and chief executive of the Real Estate Developers' Association of Singapore (REDAS) from December 2011 to April 2016.

As at the Latest Practicable Date, Mr. Lee held directorships in the following companies listed on the Singapore Exchange:

Name of company	Directorship	Tenure
Perennial Real Estate Holdings Limited (stock code: 405)	Independent Director	Since October 2014
Viking Offshore & Marine Limited (stock code: 557)	Independent Director	Since April 2010
CITIC Envirotech Ltd. (stock code: U19)	Independent Director	Since January 2011
Memstar Technology Ltd (stock code: 5MS)	Independent Director	Since October 2011
Advance SCT Limited (stock code: 5FH)	Independent Director	Since January 2014

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee has beneficial interest in iGlobe Sapphire Pte. Ltd., which owns as to 21.1% of iGlobe, a Series C & D Investor.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Alwi Bin Abdul Hafiz, aged 53, was appointed as an independent non-executive Director on 24 November 2016. Mr Alwi obtained a bachelor's degree in Electrical Engineering from the National University of Singapore in June 1987. Mr. Alwi was a certified IT project manager of the Singapore Computer Society from February 1999 to November 2003.

Mr. Alwi has over 29 years of experience in business consulting and IT. Mr. Alwi had worked as a research associate responsible for client consulting at Booz-Allen & Hamilton Pte. Ltd., a company engaged in the provision of management, technology and security services, from March 1987 to December 1987. Mr. Alwi further accumulated his experience in the IT industry when he held various roles in Hewlett-Packard, a group of companies engaged in providing IT related products, technologies, software, solutions and services, since 1988. He worked as a systems engineer from January 1988 and was later promoted to senior systems engineer during which he was responsible for client management and IT consulting. He took the role of project manager in 1992 and was promoted to managing consultant in 1994. He was later promoted to regional manager, and to Southeast Asia general manager in 2001. He served as a director in Compaq Computer Asia Pacific Pte. Ltd. from April 2001, until Hewlett-Packard and Compaq merged at the US-company level. Mr. Alwi was offered a position by Hewlett-Packard in October 2002 as general manager and was promoted to operations director in 2004. He left Hewlett-Packard in November 2006 and moved to British Standards Institution (BSI) Group, a company engaged in producing technical standard on products and services as managing director, Asia (excluding Japan and China) in January 2007 and then was promoted to managing director, ASEAN for the company in 2009. He left BSI Group in April 2013 to take on the role as a sustainability advisor at Golden Veroleum Liberia, an oil palm developer in Liberia. Mr. Alwi has served as a board member of the Land Transport Authority of Singapore, since September 2008 and Mendaki Social Enterprise Network Pte. Ltd., a company engaged in organising seminars and conferences, since January 2009.

Mr. Elango Subramanian, aged 54, was appointed as an independent non-executive Director of our Company on 24 November 2016. He was admitted as a member and a fellow of the Association of Chartered Certified Accountants in November 2008 and November 2013, respectively. Mr. Subramanian was also admitted as an accredited tax advisor of the Singapore Institute of Accredited Tax Professionals Limited in July 2010. He has been a fellow of the Insolvency Practitioners Association of Singapore Limited since September 2010, a member of the Institute of Certified Public Accountants of Singapore since January 2010, and a member of the Institute of Singapore Chartered Accountants since July 2013. Mr. Subramanian had been a practising management consultant of the Practising Management Consultant Certification Board from September 2014 to August 2016.

Mr. Subramanian has more than 22 years of experience in accounting, advisory and consulting. From September 1993 to January 2006, Mr. Subramanian was a director of Eshwara Management Consultants Pte. Ltd., a company engaged in providing business and management consultancy services. He has been a director of Raffles Corporate Consultants Pte. Ltd., a business and management consulting firm, since February 2000 and Raffles PAC and VEA PAC, both accounting and auditing firms, since June 2006 and June 2012, respectively. He has also been a director of Raffles Corporate Advisory Services Pte. Ltd., a company providing business and management consultancy services, since May 2013 and has been primarily responsible for corporate advisory, litigation support, tax advisory, transfer pricing and liquidation work.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Man Wai (李文偉), aged 59, was appointed as an independent non-executive Director of our Company on 24 November 2016. Mr. Li graduated with a diploma in business administration, major in Accounting from Lingnan College (now known as Lingnan University) in Hong Kong in 1981. He has been a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom since 1988. Mr. Li obtained a membership of Certified Management Accountants of Ontario in 1990. He is as a certified practising accountant in Hong Kong.

Mr. Li has extensive experience in accounting and audit. He founded Raymond Li & Co., Certified Public Accountants in 1996 and is currently the sole proprietor of the firm. The firm is principally engaged in providing accounting and bookkeeping services. Mr. Li has chaired Lingnan University Alumni Association (Hong Kong) Limited since 2006, and the Chinese Christian Universities Alumni Association (Hong Kong) Limited from 2006 to 2007.

Mr. Li has served as an independent non-executive director of Shanghai Zendai Property Limited, a company the shares of which are listed on the Stock Exchange (stock code: 755) since April 2012. Mr. Li has also been appointed as an independent non-executive director of Next-Generation Satellite Communications Limited (stock code: B07), a company the shares of which are listed on the Singapore Exchange, since February 2016.

Save as disclosed above, each of our Directors confirms with respect to himself that: (a) he does not have any relationship with any other Directors, senior management or substantial Shareholders or Controlling Shareholders; (b) he does not have any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the date of this prospectus; (c) there is no other information that should be disclosed for himself pursuant to the requirements under Rule 17.50(2)(a) to (v) of the GEM Listing Rules; (d) he and his close associates do not have any interest in a business apart from the business of our Group which competes, or is likely to compete, either directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules; and (e) there are no other matters that need to be brought to the attention of our Shareholders and potential investors.

SENIOR MANAGEMENT

Ms. Sylvia Sundari Poerwaka, aged 40, was appointed as the financial controller of our Company on 19 March 2012. She is responsible for overseeing the finance department with the major duty in the area of financial management in our Company. Ms. Poerwaka 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. Ms. Poerwaka completed the Association of Chartered Certified Accountants examination in February 2009 and an ISO 9001:2008 quality management system internal control auditor course in September 2012. She has been a member of the Institute of Singapore Chartered Accountants since July 2013.

Ms. Poerwaka has more than seven years of experience in accounting and auditing. Ms. Poerwaka accumulated her experience when she held various roles in Kong, Lim & Partners LLP, a chartered accounting firm in Singapore, since November 2008. She started as an audit assistant and was promoted to audit senior from December 2009, during which she was responsible for financial statement audit and audit planning. She worked as the supervisor of the accounts and tax department at the same firm from December 2010 to February 2012.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ho Hai Aik (何海益), aged 41, is the head of business consulting of our Company. He joined our Company on 26 June 2006 and is primarily responsible for the project management, business consulting, pre-sales support and business development of our Company. Mr. Ho graduated from Nanyang Technological University in Singapore with a bachelor's degree in Civil Engineering in July 2000. He also obtained a specialist diploma in e-Commerce from Nanyang Polytechnic in Singapore in August 2001 and a graduate diploma in Business and Finance from Management Development Institute of Singapore which is recognised by Southern Cross University in Australia in May 2007.

Mr. Ho has more than 15 years of experience in IT and business consulting. From June 2000 to February 2003, Mr. Ho 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.

Mr. Li Shan (李山), aged 38, joined our Company on 11 February 2008. He is responsible for software platform decisions, software architecture and design, and key research and development programmes of our Company. Mr. Li graduated from Nanyang Technological University in Singapore with a bachelor's degree in Computer Engineering in June 2002. He also obtained a master's degree in Engineering in the same university in May 2005.

Mr. Li has more than 11 years of experience in software design and development. From May 2005 to June 2006, Mr. Li had worked as a software engineer at Buildfolio where he was responsible for software development. Mr. Li 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.

Mr. Jindhar Chougule, aged 41, joined our Group on 3 March 2014 and was appointed as the director of Anacle India on 26 June 2014. He is responsible for product management, product design and development and customer support with close interactions with our business development, research and development and operation teams. Mr. Chougule obtained a diploma in Electronics and Communication Engineering from the Board of Technical Examinations of the Government of Maharashtra in July 1995.

Mr. Chougule has more than 21 years of experience in energy management and electric metering products industry. Mr. Chougule had worked as a technical assistant at Datapro Electronics Pvt Ltd. from July 1995 to August 2000. From September 2000 to May 2001, Mr. Chougule 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 provides products and solutions for power generation, transmission, distribution utilities and industry, from June 2001 to November 2003. From December 2003 to March 2010, Mr. Chougule 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, Mr. Chougule 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Noor Sharazain Bin Ahmad Noordin, aged 38, was appointed as the chief executive officer of Anacle Malaysia on 1 June 2016. He is responsible for the financial performance of Anacle Malaysia and overseeing the business development, sales and operations for Malaysia and partner development in Asia. Mr. Sharazain graduated from the University of Canberra in Australia with a bachelor's degree in IT in December 2002. He also obtained a master's degree in Business Administration (Finance) from the University of Derby in the United Kingdom in June 2014.

Mr. Sharazain has over 14 years of experience in business development and IT industry. From October 2001 to September 2002, Mr. Sharazain worked as a business development executive at Datapower Sendirian Berhad, an IT provider in Malaysia. He then worked at A&W (Malaysia) Sdn. Bhd., a food and beverage company operating restaurants in Malaysia, as a system analyst executive from July 2003 to December 2003, and as an assistant manager of systems training and development in January 2004 at the same company. From February 2004 to March 2005, Mr. Sharazain worked as a senior account manager at Datascan (Malaysia) Sdn Bhd, a food and beverage business management solutions provider. He then worked as a client manager at Applied Information Management Services Sdn Bhd (AIMS), from April 2005 to October 2006. From November 2006 to December 2007, Mr. Sharazain worked at Datascan Global Sdn Bhd, a food & beverage business management solutions provider, as a business development manager. Mr. Sharazain has further accumulated his experience in business management and development when he held various roles in Mesiniaga Berhad, a systems integrator engaged in distributing a range of IT products and providing related services, from January 2008. He started as an account manager and was later promoted to senior business solutions consultant. His last position was the head of concept proposal unit (later known as product innovation & concept proposal unit) in May 2014. Mr. Sharazain left Mesiniaga Berhad in May 2016 and joined Anacle Malaysia.

Save as disclosed above, each of the senior management of our Company confirms with respect to himself/herself that (a) he/she does not have any directorships in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three year immediately preceding the date of this prospectus; (b) none of the senior management has any relationship with any other Directors, senior management or substantial Shareholders or Controlling Shareholders; (c) there is no other information that should be disclosed for himself/herself pursuant to the requirements under Rule 17.50(2)(a) to (v) of the GEM Listing Rules; and (d) there are no other matters that need to be brought to the attention of our Shareholders and potential investors.

JOINT COMPANY SECRETARIES

Ms. Sylvia Sundari Poerwaka and **Mr. Kwok Siu Man** (郭兆文) are the joint company secretaries of our Company.

For the biography of Ms. Poerwaka, please see the subsection headed "Senior Management" above.

Mr. Kwok Siu Man (郭兆文), aged 57, was appointed as one of our joint company secretaries on 24 November 2016. He is an executive director and the Head of Corporate Secretarial of Boardroom Corporate Services (HK) Limited and a director of Boardroom Share Registrars (HK) Limited, our Company's Hong Kong Share Registrar.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwok obtained a professional diploma in company secretaryship and administration and a bachelor's degree of arts from the Hong Kong Polytechnic University (formerly the Hong Kong Polytechnic) in November 1983 and in November 1994, respectively and a post-graduate diploma in laws from the Manchester Metropolitan University in the United Kingdom in 1998. He passed the Common Professional Examinations in England and Wales in July 1998. In 1999, he received induction into the International WHO's WHO of Professionals. Mr. Kwok was admitted as a fellow member of each of The Institute of Chartered Secretaries and Administrators, The Institute of Financial Accountants in England as well as The Hong Kong Institute of Chartered Secretaries ("HKICS") in 1990, 1996 and 1994, respectively. He has also been a fellow member of The Association of Hong Kong Accountants, The Hong Kong Institute of Directors and the Institute of Public Accountants since June 2014, July 2014 and April 2015, respectively. Moreover, he possesses professional qualifications in arbitration, taxation, securities and investment, financial planning and human resources management.

Mr. Kwok has over 30 years of legal, corporate secretarial and management experience. He had been the group company secretary of the Lai Sun group comprising, amongst others, five companies respectively listed on the Stock Exchange, namely Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), eSun Holdings Limited (Stock code: 571), Lai Fung Holdings Limited (stock code: 1125) and Media Asia Group Holdings Limited (stock code: 8075), and the company secretary of Crocodile Garments Limited (stock code: 122) simultaneously. Mr. Kwok had also been an independent non-executive director of Grand Ocean Advanced Resources Company Limited (Stock code: 65), a company listed on the Stock Exchange, from February 2015 to February 2016. In addition, he has been a council member and an examiner of the HKICS.

COMPLIANCE OFFICER

Mr. Ong Swee Heng was appointed as the compliance officer of our Company on 15 August 2016.

REMUNERATION POLICY

Our Directors and senior management receive compensation from our Company in the forms of fees, salaries, discretionary bonuses, contributions to pension schemes and share based compensation.

The aggregate amount of remuneration our Directors received (including fees, salaries, contributions to pension schemes and discretionary bonuses) for the financial years ended 31 May 2015 and 2016 was approximately S\$329,711 and S\$343,577, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes and discretionary bonuses paid to our five highest paid individuals of our Company, including Directors, during each of the years ended 31 May 2015 and 2016, was approximately S\$763,816 and S\$793,206, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses and share-based compensation, paid and payable to our Directors for the financial year ending 31 May 2017 is estimated to be approximately HK\$520,780.

DIRECTORS AND SENIOR MANAGEMENT

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended 31 May 2015 and 2016. Furthermore, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments had been made or were payable in respect of each of the years ended 31 May 2015 and 2016 by our Group to our Directors.

Following the Listing, our Board will review and determine the remuneration and compensation packages of our Directors and senior management according to the recommendation from the Remuneration Committee, which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors, and performance of our Group.

Our Company has conditionally adopted the Post-IPO Share Option Scheme under which certain employees, consultants and advisers of our Group including the executive Directors may be granted Post-IPO Share Options to subscribe for Shares. The principal terms of the Post-IPO Share Option Scheme are summarised in the section headed "G. Post-IPO Share Option Scheme" in Appendix IV to this prospectus.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the Corporate Governance Code and the GEM Listing Rules.

BOARD COMMITTEES

Audit Committee

Our Company established the Audit Committee on 24 November 2016 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment or reappointment and removal of external auditors; reviewing financial statements and material advice in respect of financial reporting; and overseeing the risk management and internal control systems of our Company. At present, the Audit Committee of our Company consists of three members who are Mr. Li Man Wai, Mr. Elango Subramanian and Mr. Robert Chew. Mr. Li Man Wai is the chairman of the Audit Committee.

Remuneration Committee

Our Company established the Remuneration Committee on 24 November 2016 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; determine the terms of the specific remuneration package of our Directors and senior management; review performance based remuneration; and ensure that none of our Directors determine their own remuneration. The

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee consists of three members who are Mr. Elango Subramanian, Prof. Wong Poh Kam and Mr. Alwi Bin Abdul Hafiz. Mr. Elango Subramanian is the chairman of the Remuneration Committee.

Nomination Committee

Our Company established the Nomination Committee on 24 November 2016 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis; identify individuals suitably qualified to become Board members; assess the independence of the independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors. The Nomination Committee consists of two independent non-executive Directors and one non-executive Director who are Mr. Lee Suan Hiang, Mr. Alwi Bin Abdul Hafiz and Mr. Elango Subramanian. Mr. Lee Suan Hiang is the chairman of the Nomination Committee.

COMPLIANCE ADVISER

Pursuant to Rule 6A.19 of the GEM Listing Rules, our Company has appointed KGI Capital Asia Limited to be our compliance adviser, which will have access to all relevant records and information relating to our Company that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Placing in a manner different from that detailed in this prospectus and where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the second full financial year (i.e. the financial year ending 31 May 2019) commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Each of the following persons or corporations will, immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, be interested in 10% or more of the total number of Shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of shareholder	Capacity/ Nature of interest	Interests held immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options)	
		Number and class	Approximate Percentage ⁽⁶⁾
Mr. Lau	Beneficial interest	45,500,000 (Ordinary)	11.40%
NG Yen Yen	Interest of a spouse ⁽¹⁾	45,500,000 (Ordinary)	11.40%
Anna LAU Wu You	Interest of a child ⁽²⁾	45,500,000 (Ordinary)	11.40%
Sara LAU Xiao Yu	Interest of a child ⁽³⁾	45,500,000 (Ordinary)	11.40%
Alex LAU Xuan Ye	Interest of a child ⁽⁴⁾	45,500,000 (Ordinary)	11.40%
Mr. Ong	Beneficial interest	22,750,000 (Ordinary)	5.70%
LIM Lay Hong	Interest of a spouse ⁽⁵⁾	22,750,000 (Ordinary)	5.70%
BAF Spectrum Pte. Ltd.	Beneficial interest	39,565,162 (Ordinary)	9.91%
iGlobe	Beneficial interest	82,326,335 (Ordinary)	20.62%
Majuven Fund 1 Ltd.	Beneficial interest	36,528,219 (Ordinary)	9.15%
OWW Investments III Limited	Beneficial interest	20,873,307 (Ordinary)	5.23%

Notes:

- (1) Ms. NG Yen Yen is Mr. Lau's spouse and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Anna LAU Wu You is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.

SUBSTANTIAL SHAREHOLDERS

- (3) Ms. Sara LAU Xiao Yu is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (4) Mr. Alex LAU Xuan Ye is Mr. Lau's son under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (5) Ms. LIM Lay Hong is Mr. Ong's spouse and is deemed to be interested in the shareholding interests of Mr. Ong in our Company pursuant to the disclosure requirements of the SFO.
- (6) The calculation of the shareholding percentage is subject to rounding.

Save as disclosed in this paragraph, our Directors are not aware of any persons who will, immediately following completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the total number of Shares of any class of share capital carrying rights to vote in all circumstances in general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

CAPITAL STRUCTURE

As at the date of this prospectus, our issued share capital comprises fully-paid Ordinary Shares and Preference Shares (which will be automatically and mandatorily converted into Ordinary Shares on the Listing Date). Under the Singapore Companies Act, companies incorporated in Singapore do not have an authorised share capital and there is no concept of par value in respect of the issued shares.

As at the date of this prospectus, our issued and paid-up capital is approximately S\$6,924,998.

Issued share capital

Assuming the Offer Size Adjustment Option is not exercised, the total number of Shares issued by our Company immediately following the completion of the Placing will be as follows (without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options):

Issued and to be issued, fully-paid or credited as fully-paid:

299,158,496	Shares in issue at the date of this prospectus
100,000,000	Share to be issued pursuant to the Placing (excluding any Share which may be issued under the Offer Size Adjustment Option)
<u>399,158,496</u>	Total

Assuming the Offer Size Adjustment Option is exercised in full, the share capital of our Company immediately following completion of the Placing will be as follows (without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options):

Issued and to be issued:

299,158,496	Shares in issue at the date of this prospectus
115,000,000	Share to be issued pursuant to the Placing (including all Shares which may be issued under the Offer Size Adjustment Option)
<u>414,158,496</u>	Total

Assumptions

This table assumes the Placing has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (a) Shares which may be allotted and issued upon the exercise of the Pre-IPO Share Options and Post-IPO Share Options; or (b) any Shares which may be allotted and issued or repurchased by our Company under the Issuing Mandate or the Repurchase Mandate as referred to below or otherwise.

SHARE CAPITAL

Treasury Shares

Under the Singapore Companies Act, Shares purchased or acquired by our Company may be held or dealt with as treasury Shares. See “Appendix III — Summary of our Constitution and Salient Provisions of Singapore Laws” for a summary of the Singapore law provisions on treasury shares. As required under the GEM Listing Rules, all treasury Shares repurchased by our Group under the Repurchase Mandate will be cancelled immediately.

As at the date of this prospectus, our Company does not hold any treasury Shares.

Ranking

The Placing Shares and the Shares that may be issued pursuant to the Offer Size Adjustment Option shall rank equally in all respects with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus.

Share Option Schemes

We adopted the Pre-IPO ESOPs pursuant to which we granted Pre-IPO Share Options as further described in “Appendix IV — Statutory and General Information — F. Pre-IPO ESOPs”. We also conditionally adopted the Post-IPO Share Option Scheme as further described in “Appendix IV — Statutory and General Information — G. Post-IPO Share Option Scheme”.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted the Issuing Mandate to allot, issue and deal with an aggregate number of Shares that is no more than the sum of:

- (a) 20% of the total number of Shares issued by our Company immediately upon completion of the Placing; and
- (b) the aggregate number of Shares repurchased by our Company, if any, under the Repurchase Mandate referred to below.

The aggregate number of the Shares which our Directors are authorised to allot and issue under the Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue, or (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Constitution; or (iii) any specific authority granted by our Shareholders in general meeting(s); or (iv) the exercise of Post-IPO Share Options or any arrangement which may be regulated under Chapter 23 of the GEM Listing Rules.

The Issuing Mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company is required by the applicable Singapore laws or our Constitution to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by a resolution of our Shareholders in a general meeting.

SHARE CAPITAL

For further details of the Issuing Mandate, see “Appendix IV — Statutory and General Information — A. Further information about our Company — 5. Written Resolutions of our Shareholders dated 24 November 2016”.

We will comply with the Singapore Companies Act and Rules 17.39 to 17.42A of the GEM Listing Rules in relation to pre-emptive rights and the Issuing Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted the Repurchase Mandate to exercise all the powers of our Company to repurchase an aggregate number of Shares that is no more than 10% of the total number of Shares issued by our Company immediately upon completion of the Placing.

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws (in Singapore or otherwise) and requirements of the GEM Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in “Appendix IV — Statutory and General Information — A. Further Information about our Company — 2. Repurchase of our Shares”.

The Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company is required by the applicable Singapore laws or our Constitution to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by a resolution of our Shareholders in general meeting.

We will comply with the Singapore Companies Act and the requirements in respect of the Repurchase Mandate under the Rules 13.07 to 13.10 of the GEM Listing Rules.

GENERAL MEETINGS AND CLASS MEETINGS

Upon Listing, our Company will only have one class of Ordinary Shares, each of which ranks equally in all respects with the other Shares.

Under the Singapore Companies Act and our Constitution, our Company may from time to time by ordinary resolution of our Shareholders (i) consolidate and divide all or any of our Shares; (ii) cancel the Shares which have not been taken; (iii) sub-divide our Shares; and (iv) convert any class of Shares into any other class of Shares. Under our Constitution, our Company may also by special resolution of our Shareholders reduce our share capital or any undistributable reserve in any manner subject to any requirements and consents required by law. See “Appendix III — Summary of our Constitution and Salient Provisions of Singapore Laws — (i) Any change in capital” for further details.

SHARE CAPITAL

Under the Singapore Companies Act and our Constitution, all or any special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. See “Appendix III — Summary of our Constitution and Salient Provisions of Singapore Laws — (j) Any change in the respective rights of the various classes of Shares including the action necessary to change the rights” for further details.

FINANCIAL INFORMATION

You should read this section in conjunction with our consolidated financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Company in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Company believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Company's expectations and projections will depend on a number of risks and uncertainties over which our Company does not have control. For further information, you should refer to the section "Risk factors" in this prospectus.

OVERVIEW

Established in 2006, we are a fast growing IT company based in Singapore specialising in providing enterprise application software targeted for commercial property and building owners to better manage their real estate assets and facilities and energy management systems targeted for commercial property and building owners to monitor and better manage their energy consumption, covering end-users across various countries including Singapore, Malaysia, Taiwan and other Asian countries. We research, design, develop and implement software and hardware solutions and provide upgrades, maintenance and after-sales support to our customers covering various industries such as commercial real estate, education, healthcare, government, utilities and oil and gas. Our key products include (1) **Simplicity**, a self-developed enterprise application software solution that offers specific solutions for real estate asset management, shared resources management, tenancy management, supply chain management, customer relationship management as well as financial management, and (2) **Starlight**, a one-stop energy management solution for commercial property and building owners to save energy costs by energy usage monitoring. Our energy management solution monitors energy consumption and power quality. It also provides energy analytics and carbon footprint profiles. During the Track Record Period, we generated a majority of our revenue from the sales of **Simplicity** and **Starlight**. According to the Frost & Sullivan Report, in terms of revenue, we ranked second in the enterprise application software industry in Singapore, and third in the building energy management system industry in Singapore in 2015. Geographically, Singapore, being our primary market contributed approximately 94.5% and 97.3% of our revenue, respectively during the two financial years ended 31 May 2015 and 2016. Our major customers in Singapore primarily consist of government authorities and corporate customers, as well as channel partners that purchase our products to serve their end-customers. These channel partners are considered by our Group as end-customers.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The following factors have affected and will continue to affect our financial condition, and results of operations, and may influence our future directions.

(i) Market acceptance of our products

In Singapore, market demand for enterprise application software industry is driven by the increasing number of enterprises in Singapore and their need for better enterprise application software. The popularity of cloud-based technology also supports the future development of this industry. At the moment, the market is disintegrated with many system application developers catering to users' needs at the departmental level only. It is therefore difficult for a system application developer to develop and offer an integrated solution to users. In addition, the market for software applications has also become increasingly price sensitive because of limited IT budgets. The building energy management system industry is affected by the rising energy prices, increasing awareness of environment protection, growing popularity of the Internet of Things to monitor and alarm energy consumption, as well as government regulatory support. As the building energy management system sector is experiencing comparatively higher growth rate than the enterprise software application system sector, this sector finds an increasingly popular trend for software that is capable of (i) automatically balancing the demand and supply of energy through software solutions on cloud services; (ii) connecting electronic appliances via the internet and enabling SaaS model, and (iii) collecting, monitoring and analysing data at the level down to each individual asset level. The ability of **Simplicity** and **Starlight** to successfully execute their business development strategies and to continue to increase their market share are critical to our operational and financial performance. If market acceptance is slower than expected, we may not realise the full benefits of our investments in our products and services and may need to spend more on advertising to increase customer awareness and market acceptance.

(ii) Asia Pacific economic conditions

During the Track Record Period, we derived the majority of our revenue in Singapore. For the two financial years ended 31 May 2015 and 2016, revenue derived from Singapore accounted for approximately 94.5% and 97.3% of our total revenue, respectively. As such, the demand for our products depends on the health of Singapore's economic conditions and the demand from corporate customers in Singapore in general. As we intend to further expand geographically into other countries, any fluctuation in the global economy, in particular, the economic conditions of the Asian Pacific countries may affect our business, financial condition and results of operation.

(iii) Our ability to design and develop new products and services

The software development industry in Singapore is characterised by continuous advancement in technology. As a result, our long-term growth prospects will depend on our ability to design and develop new products and services that respond to market demand. We seek to strengthen our R&D capability continuously by maintaining an R&D team with relevant skills and expertise. Our R&D team accounted

FINANCIAL INFORMATION

for approximately 33.7% of our total staff as of 31 May 31 2016. We have increased our total R&D investment to develop a cloud-based SaaS platform and big data technology. R&D costs are expensed as incurred. Our future success will rely on our ability to recruit, retain and motivate skilled R&D staff.

(iv) Labour costs

The rising costs of talent in the software development industry in Singapore, which attributable to the growing competition for talent, has led to higher labor costs, which constitutes our largest segment of cost of sales. For the two financial years ended 31 May 2015 and 2016, labor costs accounted for approximately 47.2% and 48.4% of our total cost of sales, respectively, due to increased headcount and compensation base. As salaries rise, our results of operations will be materially and adversely affected if we are not able to increase our revenue or employee productivity correspondingly to offset higher salaries.

(v) Sales to our major customers

Our sales to our five largest customers during each of the two financial years ended 31 May 2016 accounted for approximately 51.3% and 61.6% of our total revenue, respectively. During each of the two financial years ended 31 May 2016, revenue derived from our largest customer accounted for approximately 25.5% and 47.6% of the total revenue, respectively. Our profitability and financial conditions may be partially affected by our continuing business relationship with these major customers in the future.

(vi) Singapore government liberalisation progress of the electricity market

It is believed that Singapore energy retail market will face further liberalisation forwards in mid 2018. It is estimated that an additional 1.3 million energy meter accounts would be created in Singapore as a result of this liberalisation policy. Therefore, the progress of Singapore energy market liberalisation would potentially affect the market size of the retrofit building energy management segment that we wish to tap into. Moreover, the energy sector liberalisation would also increase the demand for effective and accurate energy billing and settlement software applications that are web-based and multi-device-enabled to cater for both the energy retailers and their customers, the market segment for which we are currently carrying out intensive software design and development. Whether this electricity market liberalisation progress can take place as planned would be important for us to realise our investment in myBill.sg and the future revenue and profitability.

BASIS OF PRESENTATION

The Financial Information has been prepared in accordance with the accounting policies set out below, which comply with IFRSs issued by the IASB. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

FINANCIAL INFORMATION

The IASB has issued a number of new or revised IFRSs which are relevant to our Group and became effective during the Relevant Periods. In preparing this Financial Information, our Group has adopted all these new or revised IFRSs consistently throughout the Relevant Periods.

IASB has issued certain new or amended IFRSs that have been issued but are not yet effective and have not been adopted early by our Group. Details of this are set out in note 2 of Appendix I.

This section has been prepared under the historical cost basis.

The functional currency of our Company is the Singapore Dollar (“**S\$**”), while the functional currencies of its subsidiaries, Anacle Malaysia and Anacle India, are the Malaysian Ringgit (“**RM**”) and Indian Rupee (“**Rs**”), respectively. This section is presented in S\$.

The measurement basis used in the preparation of the financial information is the historical cost basis. The preparation of financial information in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, judgments and estimates that are important for you to understand our financial condition and results of operations, are set out in detail in notes 4 and 5 of Appendix I to this prospectus respectively. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the current circumstances. Actual results may differ under different assumptions and conditions. We have not changed our assumptions or estimates in the past. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the foreseeable future.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Please see “Appendix I — Accountants’ Report” on page I-18 for more details.

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Below is the basis of the estimated useful lives and key parameters and assumptions adopted in assessing the impairment for our Group's existing products, namely Simplicity and Starlight:

Simplicity

Useful lives

The useful life of Simplicity is determined based on the asset life cycle which is the duration of generating economic benefit from the launch day to the retirement date of the asset. According to the previous editions of Simplicity, the actual useful lives were approximately five years. Thus, same as the previous editions, the useful life of the current edition is also determined to be five years.

Impairment assessment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Since Simplicity is one of the key products of our Company and contributed gross profits of S\$2.96 million and S\$6.45 million for the financial years ended 31 May 2015 and 2016, respectively. With such a strong financial indicator, there is no indication that an impairment is required.

Starlight

Useful lives

The useful life of Starlight is determined based on the asset life cycle that is the duration the asset generates economic benefit from the launch day to the retirement date of the asset. We assess that the first edition of Starlight, which was launched in 2011, has an asset life cycle of five years, a time interval that we assess to be sufficient for us to develop a new edition of Starlight under the fast pace of technology breakthrough. For the current version of Starlight, we estimate its life cycle with reference to other similar products in the market that have life cycles of approximately ten years.

Impairment assessment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Since Starlight is one of the key products of our Company with a positive gross margin at approximately 11% and increasing revenue in both financial years ended 31 May 2015 and 2016. With such strong financial indicator, there is no indication that an impairment is required.

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RESULTS OF OPERATIONS

The following table sets out our Group's consolidated statements of comprehensive income for the two financial years ended 31 May 2016. This information is derived and should be read in conjunction with the consolidated financial information contained in the Accountants' Report in Appendix I to this prospectus.

	FY2015 S\$	FY2016 S\$
Revenue	7,324,596	11,090,280
Cost of sales	<u>(4,172,527)</u>	<u>(4,383,320)</u>
Gross profit	3,152,069	6,706,960
Other revenue	160,846	208,248
Other gains and losses	(88,635)	(60,094)
Marketing and other operating expenses	(954,209)	(722,285)
Administrative expenses	(2,558,397)	(2,832,682)
— Listing expenses	—	(555,977)
— Share-based expenses	(108,937)	(201,848)
Research and development costs	(34,978)	(32,783)
Finance costs	<u>(9,439)</u>	<u>(46,124)</u>
(Loss)/profit before income tax	(332,743)	3,221,240
Income tax expense	<u>(21,475)</u>	<u>(727,542)</u>
(Loss)/profit for the year	(354,218)	2,493,698
Other comprehensive income Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>16,176</u>	<u>33,805</u>
Total comprehensive income for the year	<u><u>(338,042)</u></u>	<u><u>2,527,503</u></u>

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DESCRIPTION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived the majority of our revenue from **Simplicity**, our self-developed enterprise application software solution, and **Starlight**, our self-developed energy management solution. **Simplicity** offers specific solutions such as enterprise asset management, shared resources management, tenancy management, supply chain management, customer relationship management as well as financial management. **Starlight** is a one-stop energy management solution for commercial property and building owners to monitor and manage energy usage in buildings. Starlight monitors energy consumption, power quality and provides energy analytics and carbon footprint profiles that helps the end-users to better manage their energy usage and save costs. Our Group mainly derives revenue from two sources, respectively (i) project-based revenue by providing professional services, sales of meters and licences on ad hoc customer requirements at the initial system implantation phase; and (ii) the recurring service income which comes from a combination of revenue from the recurring maintenance and services requests from the end-users under our on-premise model, as well as the recurring rental installments derived from our SaaS model.

Breakdown of revenue by products and by region

The following table sets out a breakdown of our revenue and the percentage contribution to our total revenue by product and by region for the periods indicated:

	FY2015								FY2016							
	Simplicity				Space				Simplicity				Space			
	Simplicity	%	Starlight	%	Monster	%	Total	%	Simplicity	%	Starlight	%	Monster	%	Total	%
S\$		S\$		S\$		S\$		S\$		S\$		S\$		S\$		
Singapore	5,499,284	97.8	1,419,869	83.4	—	—	6,919,153	94.5	8,595,790	99.3	2,191,888	90.2	280	100.0	10,787,958	97.3
Malaysia	—	—	274,358	16.1	—	—	274,358	3.7	—	—	236,007	9.7	—	0.0	236,007	2.1
Others ^(Note)	121,943	2.2	9,142	0.5	—	—	131,085	1.8	64,815	0.7	1,500	0.1	—	0.0	66,315	0.6
	<u>5,621,227</u>	<u>100.0</u>	<u>1,703,369</u>	<u>100.0</u>	<u>—</u>	<u>—</u>	<u>7,324,596</u>	<u>100.0</u>	<u>8,660,605</u>	<u>100.0</u>	<u>2,429,395</u>	<u>100.0</u>	<u>280</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

Note: Others include Brunei and Taiwan.

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During the Track Record Period, sales of **Simplicity** remained the largest contributor to our revenue and accounted for approximately S\$5.6 million or 76.7% and approximately S\$8.7 million or 78.1% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. **Simplicity** project income increased by approximately S\$3.1 million, mainly due to the additional project revenue generated from the provision of professional services including design and configuration of the tailored system according to our customers' specific requirements. **Simplicity** services income was maintained at a stable level of S\$1.9 million in FY2015, and S\$2.0 million in FY2016. Moreover, from FY2015 to FY2016, we secured 13 contracts from NEC Asia Pacific Pte. Ltd. which amounted to approximately S\$7.7 million, of which approximately S\$5.3 million was recognised in the financial year 2016. In addition, we also secured new projects with contract value of approximately S\$4.0 million and S\$11.2 million, respectively, during the two financial years ended 31 May 2015 and 2016 for **Simplicity**. Please refer to "Business — Pricing policy — Backlog and new contract value" for details.

The sales of **Starlight** products increased by approximately S\$0.7 million or 42.6% from approximately S\$1.7 million in 2015, to approximately S\$2.4 million in 2016. The increase was mainly due to the increase in project based revenue of approximately S\$0.7 million in FY2016, as we secured more orders from Singapore and Malaysia. An additional 18 new projects led to an increase of new contract value by approximately S\$2.1 million. Please refer to the section "Business — Pricing policy — Backlog and new contract value" in this prospectus for details. In FY2016, we also started to deploy the "SaaS" model for **Starlight** by renting out the meters and providing associated services. **Starlight** "SaaS" model generated approximately S\$11,835 of revenue during the financial year ended 31 May 2016.

Our Group commenced the soft launch of **SpaceMonster** in mid-2015 that generated a revenue of S\$280 for the year ended 31 May 2016. We plan to formally launch this online portal in early 2017. Sources of revenue were mainly from our **Simplicity** commercial real estate and educational institutions customers in Singapore.

During the Track Record Period, we derived our revenue primarily from Singapore that accounted for approximately S\$6.9 million or 94.5% and approximately S\$10.8 million or 97.3% of our revenue for the financial years ended 31 May 2015 and 2016, respectively. Our enterprise application software sector in Malaysia reported approximately S\$0.3 million or 3.7%, and approximately S\$0.2 million or 2.1% of revenue for the financial years ended 31 May 2015 and 2016, respectively. Apart from Singapore and Malaysia, we also sold a small portion of both **Simplicity** and **Starlight** products to Brunei and Taiwan that generated S\$131,085 or 1.8% and S\$66,315 or 0.6% of revenue for the financial years ended 31 May 2015 and 2016, respectively.

Breakdown of revenue by product and by revenue generating sources

Please refer to "Business — Overview" for details. **Simplicity** and **Starlight** have two main sources of revenue, namely, project based revenue and revenue from recurring services. Project based revenue is a revenue derived from provision of professional services, sales of Starlight meters and sales of licences to ad-hoc customers during the initial system implementation phase. Recurring services revenue comprises of revenue from maintenance service, ad hoc service requests under the on-premise model and recurring rental instalments under the SaaS model.

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During the Track Record Period, our project based revenue increased by approximately S\$3.7 million or 68.0% from approximately S\$5.4 million to approximately S\$9.1 million, mainly attributed to the increase in number of secured **Starlight** and **Simplicity** projects. Recurring services income increased by 4.1% from approximately S\$1.9 million in the financial year 2015 to S\$2.0 million in the financial year 2016. The amount generated from the on-premise model was approximately S\$7.0 million in the financial year 2015 and S\$10.6 million in the financial year 2016. The increase in on-premise revenue was primarily due to the increase of revenue from **Simplicity** as we were invited to provide certain software implementation, licensing and maintenance work by some of our channel partners including but not limited to NEC Asia Pacific Pte. Ltd. The amount generated from the SaaS rental income was approximately S\$319,863 in the financial year 2015 and S\$502,610 in the financial year 2016. The increase was due to more contracts being secured under the SaaS model for both **Simplicity** and **Starlight** during the period. The following table sets out the breakdown of our revenue and the percentage of contribution by the types of services provided under each of our product.

	FY2015								FY2016							
	Simplicity				Space				Simplicity				Space			
	\$	%	\$	%	\$	%	Total	%	\$	%	\$	%	\$	%	Total	%
Project based revenue	3,737,433	66.5	1,681,937	98.7	—	—	5,419,370	74.0	6,704,609	77.4	2,402,225	98.9	280	100.0	9,107,114	82.1
Recurring services income	1,883,794	33.5	21,432	1.3	—	—	1,905,226	26.0	1,955,996	22.6	27,170	1.1	—	0.0	1,983,166	17.9
Total	<u>5,621,227</u>	<u>100.0</u>	<u>1,703,369</u>	<u>100.0</u>	<u>—</u>	<u>—</u>	<u>7,324,596</u>	<u>100.0</u>	<u>8,660,605</u>	<u>100.0</u>	<u>2,429,395</u>	<u>100.0</u>	<u>280</u>	<u>100.0</u>	<u>11,090,280</u>	<u>100.0</u>

The table below sets out the increase/(decrease) in the number of project secured for **Simplicity** and **Starlight**:

	Financial year ended 31 May	
	FY2015	FY2016
Simplicity		
Number of projects corresponding to opening value of backlog	60	66
Number of projects corresponding to new contracts awarded	11	15
Number of projects completed during the period indicated	<u>(5)</u>	<u>(8)</u>
Number of projects corresponding to closing value of backlog	<u>66</u>	<u>73</u>

	Financial year ended 31 May	
	2015	2016
Starlight		
Number of projects corresponding to opening value of backlog	16	22
Number of projects corresponding to new contracts awarded	9	18
Number of projects completed during the period indicated	<u>(3)</u>	<u>(8)</u>
Number of projects corresponding to closing value of backlog	<u>22</u>	<u>32</u>

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The number of **Simplicity** on-going projects increased from 66 to 73 for the financial years ended 31 May 2015 and 2016 as **Simplicity** continued to gain market acceptance during the period. Contract value of **Simplicity** projects normally varies because each customer has a unique business scope, operation size and specific requirements towards the software design and configuration. Notwithstanding the above factors, at the project implementation stage, we do not only charge our customers based on the software licences to be sold, but we also take into consideration the necessary manpower and resources invested in the research and development of specific features tailored for each customer.

During the Track Record Period, the number of on-going projects of **Starlight** increased from 22 to 32 for the financial years ended 31 May 2015 and 2016, respectively. This is mainly attributable to our continuous product improvement and the wider market acceptance of **Starlight**. We sold **Starlight** as a one-stop solution including the installation and implementation of the building energy management systems comprising hardware meters and the associated software and hardware installation and configuration at the project implementation stage. Currently we bundle both hardware and software selling prices into a package price, and charge our customers on a per unit basis. As soon as a **Starlight** product is sold, a single customer building on average requires 112 EM6300 meters, and 26 EM6400 meters in the case of mass installation. Although we outsource the meter manufacturing to a subcontractor, we directly procure raw materials and electronic components from suppliers. As a result, we were able to effectively control the unit production cost for each type of meters and maintain our unit meter price at a stable level during the Track Record Period.

For detailed explanations of these three types of business, please refer to pages 145 to 168 in the section headed "Business — Products" in this prospectus.

We sell our products by direct sales and through our channel partners. The table below sets out the breakdown of the sales of our products under each of our sales channels during the Track Record Period:

	For the financial year ended 31 May			
	2015		2016	
	<i>S\$</i>	<i>% of total</i>	<i>S\$</i>	<i>% of total</i>
Direct sales	4,490,909	61.3	5,198,910	46.9
Channel partners	<u>2,833,687</u>	<u>38.7</u>	<u>5,891,370</u>	<u>53.1</u>
Total	<u><u>7,324,596</u></u>	<u><u>100.0</u></u>	<u><u>11,090,280</u></u>	<u><u>100.0</u></u>

For detailed explanations of these two sales channels, please refer to pages 173 to 180 in the section headed "Business — Sales and distribution" in this prospectus.

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Cost of sales

Our cost of sales principally comprises salaries, professional services fee, system fees and amortisation of product development and others for delivering products. The table below sets out a breakdown of our cost of sales by nature and percentage contribution to our total cost of sales during the Track Record Period:

	FY2015								FY2016							
	Simplicity		Starlight		Space Monster		Total		Simplicity		Starlight		Space Monster		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Salaries	1,665,127	62.6	304,941	20.1	—	—	1,970,068	47.2	1,806,874	81.9	316,267	14.6	345	2.4	2,123,486	48.4
Professional fee	363,451	13.7	821,938	54.3	—	—	1,185,389	28.4	138,068	6.3	957,023	44.2	—	—	1,095,091	25.0
System fee	522,163	19.6	260,896	17.2	430	100.0	783,489	18.8	155,452	7.0	702,038	32.5	1,253	8.7	858,743	19.6
Amortisation of product development	105,171	4.0	123,468	8.2	—	—	228,639	5.5	105,171	4.8	183,214	8.5	12,863	88.9	301,248	6.9
Others	2,763	0.1	2,179	0.2	—	—	4,942	0.1	527	0.0	4,225	0.2	—	—	4,752	0.1
	<u>2,658,675</u>	<u>100.0</u>	<u>1,513,422</u>	<u>100.0</u>	<u>430</u>	<u>100.0</u>	<u>4,172,527</u>	<u>100.0</u>	<u>2,206,092</u>	<u>100.0</u>	<u>2,162,767</u>	<u>100.0</u>	<u>14,461</u>	<u>100.0</u>	<u>4,383,320</u>	<u>100.0</u>

During the Track Record Period, our total cost of sales mainly comprised salaries and professional fees. The majority of the salaries were derived from the allocation of staff manpower for research and development, design and consultancy services, and customer services for our customers of **Starlight** and **Simplicity**. The relatively stable cost of sales notwithstanding the significant increase in revenue during the Track Record Period was a result of the combination of (a) improved project execution skills by our experienced staff resulting in successful, cost-efficient delivery of projects; (b) the adoption of an improved project delivery methodology that advocates adaptive planning, evolutionary development, early delivery, and continuous improvement that resulted in improved project execution; (c) having well-remunerated staff who are knowledgeable, proficient and efficient at project execution; (d) improved product technicalities resulting in faster implementation; and (e) sustained cost control over professional and system fee expenses.

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Salaries

For details of the breakdown of the headcount by product teams of **Starlight** and **Simplicity**, please refer to the table below:

	As at 31 May	
	FY2015	FY2016
Simplicity		
Headcounts at the period beginning	84	61
Change of the headcounts during the period	<u>(23)</u>	<u>(10)</u>
Headcounts at the end of the period	<u>61</u>	<u>51</u>
	FY2015	FY2016
Starlight		
Headcounts at the period beginning	23	24
Change of the headcounts during the period	<u>1</u>	<u>—</u>
Headcounts at the end of the period	<u>24</u>	<u>24</u>

As an IT company in the highly competitive enterprise application software and energy management system industries, we have been investing a significant amount in staff training and product improvement programmes. Our Directors believe that any improvement in staff and product capabilities will result in higher gross profit margins.

During the Track Record Period, our staff salaries for **Simplicity** increased by approximately S\$0.1 million from approximately S\$1.7 million or 62.6% of the cost of sales incurred for the financial year 2015, to approximately S\$1.8 million or 81.9% for the financial year 2016. We optimised our staff allocation to mobilise more experienced, and skillful staff at handling the maintenance and technical support during this period. As a result, the total headcount decreased from 61 as at 31 May 2015, to 51 as at 31 May 2016. Although our staff headcount for **Starlight** decreased, the average annual salary level increased by S\$3,732 or approximately 7.3% from S\$51,312 in the financial year 2015, to S\$55,044 in the financial year 2016. As a result, we were able to effectively control our salary cost at a relatively stable level.

During the same period, the amount of staff salaries for **Starlight** increased by S\$11,326 from S\$304,941 or 20.1% of total cost of sales incurred for **Starlight** in the financial year 2015, to S\$316,267 or 14.6% of total cost of sales in the financial year 2016. Given the small amount of increase, the relative decrease in proportion was mainly due to the increase of system fees charged on **Starlight** during this period, as further discussed below. The combination of the decrease in staff salaries by S\$3,552 or 7.2% was partially offset by the addition of one employee during the financial year 2015. The decrease in overall headcount was mainly due to the reduction in the size of the **Simplicity** product team during this period in Singapore. The decrease in average annual compensation is mainly due to the departure of the managing director of Anacle Malaysia in December 2014.

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Professional fees

The table sets out below the breakdown of the professional fees of **Starlight** and **Simplicity** during the Track Record Period:

	FY2015								FY2016							
	Simplicity				Space				Simplicity				Space			
		%		%		%	Total	%		%		%	Total	%		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Security audit fee	103,100	28.4	—	—	—	—	103,100	8.7	—	—	—	—	—	—	—	
Other professional fees	260,351	71.6	821,938	100.0	—	—	1,082,289	91.3	138,068	100.0	957,023	100.0	—	—	1,095,091	100.0
	<u>363,451</u>	<u>100.0</u>	<u>821,938</u>	<u>100.0</u>	<u>—</u>	<u>—</u>	<u>1,185,389</u>	<u>100.0</u>	<u>138,068</u>	<u>100.0</u>	<u>957,023</u>	<u>100.0</u>	<u>—</u>	<u>—</u>	<u>1,095,091</u>	<u>100.0</u>

Professional fees of **Simplicity** decreased by approximately S\$0.2 million from approximately S\$0.36 million in the financial year 2015, to S\$0.1 million in FY2016 as a security audit service for some ad hoc government projects in FY2015 was no longer required in FY2016. We also managed to decrease other professional fees by switching to another outsourced programme and technical support firm that charges a lower fee. The professional fees incurred for **Starlight** increased by approximately S\$0.2 million from approximate S\$0.8 million in FY2015, to approximately S\$1.0 million in FY2016, mainly attributed to the increased installation fee incurred and billed to us by our installation sub-contractors for **Starlight** in FY2016.

System fee

The table below sets out the breakdown of system fees, including the system software fee, in-house system hardware fee and third party system hardware fee:

	FY2015								FY2016							
	Simplicity				Space				Simplicity				Space			
		%		%		%	Total	%		%		%	Total	%		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
System software fee	228,378	43.7	20,140	7.7	430	100.0	248,948	31.8	142,590	91.7	16,600	2.4	1,253	100.0	160,443	18.7
System hardware fee (inhouse)	—	—	95,896	36.8	—	—	95,896	12.2	—	—	318,443	45.4	—	—	318,443	37.1
System hardware fee (from 3rd party)	293,785	56.3	144,860	55.5	—	—	438,645	56.0	12,862	8.3	366,995	52.2	—	—	379,857	44.2
	<u>522,163</u>	<u>100.0</u>	<u>260,896</u>	<u>100.0</u>	<u>430</u>	<u>100.0</u>	<u>783,489</u>	<u>100.0</u>	<u>155,452</u>	<u>100.0</u>	<u>702,038</u>	<u>100.0</u>	<u>1,253</u>	<u>100.0</u>	<u>858,743</u>	<u>100.0</u>

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The system software fee comprised of the purchase of a third party operating system, database, security system and backup system for our Group's own use. The aggregate system fee from both **Simplicity** and **Starlight** increased by approximately S\$0.1 million from approximately S\$0.8 million in FY2015, to approximately S\$0.9 million in FY2016, mainly due to the increase in the sales of **Simplicity** and **Starlight**. The **Simplicity** third party system hardware fee decreased by approximately 95.6% from approximately S\$0.3 million in the financial year 2015 to S\$12,862 in FY2016, primarily because of the ad hoc request from one of our **Simplicity** customers to provide certain hardware products for the project during the period. **Starlight** in-house system hardware fee comprised mainly of **Starlight** power meters. There was an increase of approximately S\$0.2 million or 232.1% from approximately S\$0.1 million in FY2015 to approximately S\$0.3 million in FY2016. During this period, we continuously invested to improve the functionalities of our proprietary 3-phase meters and communicators for **Starlight**. The third party system hardware fee of **Starlight** increased by approximately S\$0.3 million or 153.3% from approximately S\$0.1 million in FY2015 to approximately S\$0.4 million in FY2016. This increase was mainly attributable to the procurement and installation of water meters produced by Independent Third parties for our customers of **Starlight**.

Amortisation of product development cost

Our Group continuously invests in the research and development activities to upgrade **Simplicity** and **Starlight**. A substantial amount of our Group's investment in research and development activities are capitalised as internally generated intangible assets. Under IAS 38, intangible assets are generally amortised on a straight line basis over their expected useful lives. We generally assume an average of 5 years of useful life for **Simplicity** software and 10 years of useful life for **Starlight** hardware. Our estimate is made based on the commercialisation schedule of the new version of the software and hardware. The total amount capitalised as intangible assets amounted to approximately S\$4.7 million as at 31 May 2016. The S\$105,171 and S\$123,468 amortisation charges in the financial year 2015 were for **Simplicity** version 7 and **Starlight** wireless mesh concept. S\$105,171, S\$183,214 and S\$12,863 amortisation charges during the financial year 2016 pertained to **Simplicity** version 7, **Starlight** EM series power meter, firmware and communicator for the EM series power meter, and **SpaceMonster**, respectively.

Others

Other miscellaneous cost of sales items comprised of overseas traveling expenses incurred by our staff travelling from Singapore to Malaysia and Brunei to manage and monitor the projects. It remained stable during the Track Record Period.

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The following sensitivity analysis illustrates the impact of hypothetical changes of (i) staff salaries, and (ii) professional services on profit before taxation for the financial years ended 31 May 2015 and 2016, with reference to the historical fluctuation of our revenue and cost of sales during the same period:

	Impact on profit before taxation	
	For the year ended 31 May 2015	2016
	S\$	S\$
Cost of sales – staff cost	1,970,067	2,123,486
Cost of sales – professional fee	1,185,389	1,095,091
Cost of materials used changed by: (staff salaries)		
+10%	(197,007)	(212,349)
+5%	(98,503)	(106,174)
–5%	98,503	106,174
–10%	197,007	212,349
Cost of materials used changed by: (professional fee)		
+10%	(118,539)	(109,509)
+5%	(59,269)	(54,755)
–5%	59,269	54,755
–10%	118,539	109,509
Cost of materials used changed by: (total of the staff salaries and professional fee)		
+10%	(315,546)	(321,858)
+5%	(157,772)	(160,929)
–5%	157,772	160,929
–10%	315,546	321,858

Gross profit

The table sets out below the breakdown of the gross profit of our products and services during the Track Record Period:

	FY2015		FY2016	
	Gross profit	Gross margin	Gross profit	Gross margin
	S\$	%	S\$	%
<i>Simplicity</i>	2,962,552	52.7	6,454,513	74.5
<i>Starlight</i>	189,947	11.2	266,628	11.0
<i>SpaceMonster</i>	<u>(430)</u>	—	<u>(14,181)</u>	—
Total	<u>3,152,069</u>	43.0	<u>6,706,960</u>	60.5

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Total gross profit increased by approximately S\$3.5 million or 112.8% from approximately S\$3.2 million in FY2015, to approximately S\$6.7 million in FY2016, representing an improved gross margin from 43.0% to 60.5%. Sales of **Simplicity**, which contributed the majority of the total gross profit, accounted for 94.0% and 96.2% of the total gross profit.

Our overall gross margin increase was primarily attributed to the increase of gross profit margin of **Simplicity** from 52.7% to 74.5% during the period. The increase in **Simplicity** gross profit margin was due to (i) the increase in number of projects secured from NEC Asia Pacific Pte. Ltd. for Singapore government authorities and state-owned enterprises from 66 to 73 in FY2015 and FY2016, and (ii) the effective cost of sales control of our Group as we rationalised our staff allocation to **Simplicity** with only approximately an 8.5% increase, and (iii) the successful reduction of the professional fee and system fee for approximately 62.0% and 70.2% from FY2015 and FY2016, respectively.

Gross profit margin of **Starlight** remained stable at 11.2% and 11.0%, respectively as we kept our unit selling price unchanged during the Track Record Period, and also managed to effectively control the cost of sales through (i) the direct procurement from raw material suppliers by obtaining multiple quotations to ensure the best economic value, (ii) outsourcing of the power meter manufacturing process to our Malaysian sub-contractor on substantially the same cost basis, and (iii) rationalising the staff salaries by engaging staff with lower salary and increasing the staff efficiency.

We soft launched **SpaceMonster** during the period, and incurred some cost of sales.

Other revenue

Other revenue of our Group primarily consists of government grants and sundry income. The table sets out below the breakdown of the key items included in the other revenue:

	FY2015		FY2016	
	S\$	%	S\$	%
Government grants	155,880	96.9	204,203	98.1
Others	<u>4,966</u>	<u>3.1</u>	<u>4,045</u>	<u>1.9</u>
	<u>160,846</u>	<u>100.0</u>	<u>208,248</u>	<u>100.0</u>

Government grants accounted for approximately 2.1% and 1.8%, respectively, of our Group's total revenue for FY2015 and FY2016.

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The following table sets out the breakdown of the government grants:

	FY 2015	FY 2016
	S\$	S\$
Employment credit	90,132	110,501
Productivity and Innovation Credit	32,545	60,000
Release of deferred capital grant	33,048	33,048
Staff training grant	<u>155</u>	<u>654</u>
	<u>155,880</u>	<u>204,203</u>

The employment credit scheme was introduced by the Singapore government to help employers cope with rising staff salaries and to encourage companies to hire elder Singaporean and disabled workers. The scheme was available to Singapore employers that hire Singaporean workers. The main pre-condition of this grant was that the employer had to be a Singapore employer hiring Singaporean workers.

The productivity and Innovation Credit scheme ("**PIC**") was administered by the Inland Revenue Authority of Singapore. The purpose of PIC scheme was to encourage Singapore companies to undertake improvements in productivity and innovation. All Singapore companies were eligible for the scheme.

Deferred capital grant pertained to government grants received by us for the development of our Group's **Starlight** wireless technology. The grants were capitalised and amortised over the useful life of the capitalised **Starlight** wireless technology.

Government grants were non-recurring in nature and were recognised by our Group when there was reasonable assurance that the grant would be received and that our Group would comply with the conditions attached to the grants. The basis of calculation of the amounts differ for different types of grants. For instance, the amount granted under the employment credit scheme would be based on the number of elder employees.

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Other gains and losses

Our other gains and losses refer to the net exchange loss, write-down of inventories and loss on disposal of property, plant and equipment. The table below illustrates the detailed breakdown of these items.

	FY2015		FY2016	
	S\$	%	S\$	%
Net exchange loss	27,736	31.3	55,711	92.7
Write-down of inventories	41,376	46.7	4,383	7.3
Loss on disposal of property, plant and equipment	<u>19,523</u>	<u>22.0</u>	<u>—</u>	<u>—</u>
Total	<u>88,635</u>	<u>100.0</u>	<u>60,094</u>	<u>100.0</u>

The net exchange loss during the Track Record Period increased by approximately S\$27,975 or 100.9%. It was attributed by the translation of inter-companies' current accounts from foreign currencies into S\$. The increase in net exchange loss was moderated by (i) the decrease of write-down of inventories of S\$36,993 or 89.4% from S\$41,376 in FY2015 to S\$4,383 in FY2016, as we finished off the replacement of the obsolete power meters deployed to our customers in FY2015; and (ii) a one time loss on disposal of old office furniture, renovation and fixtures in FY2015 arising from the relocation of our Anacle Malaysia office.

Marketing and other operating expenses

Marketing and other operating expenses primarily comprised of sales staff salaries, sales and marketing expenses and logistics and distribution costs. The following table sets out a breakdown of our marketing and other operating expenses for the period indicated:

	FY2015		FY2016	
	S\$	%	S\$	%
Salaries	801,030	83.9	480,778	66.6
Sales & marketing expense	101,814	10.7	48,291	6.7
Logistics and distribution costs	25,949	2.7	76,499	10.6
Others	<u>25,416</u>	<u>2.7</u>	<u>116,717</u>	<u>16.1</u>
Total	<u>954,209</u>	<u>100.0</u>	<u>722,285</u>	<u>100.0</u>

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Marketing and other expenses decreased by S\$231,924 or 24.3% from S\$954,209 in FY2015 to S\$722,285 in FY2016, representing 13.0% and 6.5% of our total revenue during the period, respectively. Our marketing and other operating expenses as a percentage of the total revenue decreased between FY2015 and FY2016, primarily due to (i) the decrease of sales staff salaries by S\$320,252 or approximately 40.0% from S\$801,030 in FY2015, to S\$480,778 in FY2016 a result of consolidation of our sales staff into our consultancy team and allocation of their working hour charges according to the proportion of time spent on conducting sales and marketing activities; (ii) a one time expense of S\$101,814 in FY2015 for the redesign of our company's website and corporate branding marketing initiatives. As we did not incur such one-off marketing expenses during FY2016, there was a decrease of S\$53,523 or 52.6% to S\$48,291 FY2016.

The above decrease was partially offset by (i) the increase of the logistics and distribution costs by S\$50,550 or 194.8% as a result of the increased sales of **Starlight** power meters due to the shipment expenses of our finished products to our customers at our own costs; and (ii) the increase of S\$91,301 or 359.2% of miscellaneous marketing expenses from S\$25,416 in the financial year 2015 to S\$116,717 in FY2016, including but not limited to travelling expenses as a result of the sales support to subsidiaries in other regions, and professional services of engaging external sales consultants in FY2016 by our Group.

Administrative expenses

Administrative expenses mainly include the professional fees, bad debt provision, depreciation, staff and other costs, patent and trademark. The following table sets out a breakdown of our administrative expenses for the periods indicated:

	FY2015		FY2016	
	S\$	%	S\$	%
Professional fee	24,686	1.0	569,590	20.1
— Listing expenses	—	—	555,977	19.6
— Others	24,686	1.0	13,613	0.5
Bad debt	19,365	0.8	2,474	0.1
Depreciation	188,372	7.4	223,298	7.9
Staff and other costs	1,313,299	51.3	979,632	34.6
Share-based payment	108,937	4.3	201,848	7.1
Patent and trademark	1,170	0.0	21,524	0.8
Others	<u>902,568</u>	<u>35.2</u>	<u>834,316</u>	<u>29.4</u>
Total	<u>2,558,397</u>	<u>100.0</u>	<u>2,832,682</u>	<u>100.0</u>

For the two financial years ended 31 May 2015 and 2016, the overall administrative expenses increased by approximately S\$0.2 million or 10.7% from approximately S\$2.6 million to approximately S\$2.8 million. Our administrative expenses represented 34.9% and 25.5%, respectively, of revenue of the same period.

Professional fees include service fees paid to our accountants and other professional service providers in FY2015. The professional fee increased by approximately S\$544,904 or over 22 times from approximately S\$24,686 in the financial year 2015 to S\$569,590 in FY2016, which was mainly attributable to the Listing expenses of S\$555,977 incurred in the year.

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Staff and other costs primarily comprised of directors' emolument, employee benefits, salaries and staff recruitment and training related expenses. Our staff and other costs decreased by S\$240,756 or 16.9% from approximately S\$1.4 million in FY2015 to approximately S\$1.2 million in FY2016. The decrease was mainly attributed to (i) the decrease in salaries of S\$287,536 or 24.7% from S\$1,165,543 in FY2015 to S\$878,007 in FY2016 due to the release of certain junior engineers as a result of the rationalisation of the labor force, (ii) the correspondent decrease in the staff medical insurance expense by S\$23,350; the decrease in staff and other costs above was partially offset by the increase in share-based compensation expense of S\$92,911 or 85.3% in FY2016. For details of the share-based payments, please refer to note 33 of the Appendix I of this prospectus.

Other administrative expenses are mainly office rental, computer and software consumables, utilities, our domain and internet charges and local travelling expenses. Other administrative expenses decreased by S\$68,252 or 7.6% from S\$902,568 in FY2015 to S\$834,316 in FY2016. This decrease was mainly attributed to (i) the decrease in repairs and maintenance by S\$58,719 or 93.5% from S\$62,795 in FY2015 to S\$4,076 in FY2016 due to the reinstatement costs when the old office in Singapore was torn down and reinstated to the original status; and (ii) the decrease in staff local travelling expenses to and from our office of S\$18,330 or 43.5% from S\$42,180 in FY2015 to S\$23,850 in FY2016 resulting from the reduced staff headcount as discussed above. The decrease was partially offset by the new office rental cost that increased by S\$35,178 or 5.2% from S\$677,835 in FY2015 to S\$713,013 in FY2016.

Research and development cost

Research and development cost represents the investments of our continuous research and development ("R&D") efforts. We have spent considerable amounts of our capital in researching and developing **Simplicity** and designing and developing **Starlight** since our establishment. In accordance with IAS38, we should not capitalise our R&D capital expenditures until the following conditions are satisfied:

- (i) it is technically feasible to develop the product for it to be sold;
- (ii) adequate resources are available to complete the development;
- (iii) there is an intention to complete and sell the product;
- (iv) our Group is able to sell the product;
- (v) sale of the product will generate future economic benefits; and
- (vi) expenditure on the project can be measured reliably.

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New product development is capitalised when it meets the abovementioned criteria of accounting standards for intangible asset; whilst development of existing product is only capitalised when there is significant enhancement that considerably improves the functionality of the existing product. Minor and cosmetic modifications and enhancements that do not give rise to improved functionality are expensed off. The table sets out below the R&D capitalisation and expense summary for **Simplicity** and **Starlight** during the Track Record Period:

	FY2015		FY2016	
	S\$	%	S\$	%
Capitalised Product Development				
<i>Simplicity</i>	1,876,971	59.5	2,916,009	61.6
<i>Starlight</i>	1,214,715	38.5	1,700,254	35.9
<i>SpaceMonster & myBill.sg Portal</i>	64,310	2.0	121,013	2.5
	<u>3,155,996</u>	<u>100.0</u>	<u>4,737,276</u>	<u>100.0</u>
Expensed Off Product Development				
<i>Simplicity</i>	526	1.5	222	0.7
<i>Starlight</i>	34,452	98.5	32,561	99.3
	<u>34,978</u>	<u>100.0</u>	<u>32,783</u>	<u>100.0</u>

The accumulated capitalised amount for **Simplicity** increased by approximately S\$1.0 million or 55.4% from approximately S\$1.9 million in FY2015 to approximately S\$2.9 million in FY2016, mainly due to the capitalisation of R&D costs incurred for version 7 and version 8. We successfully released **Simplicity** version 7 in financial year 2012. **Simplicity** version 8 is released in financial year 2017. In July 2016, we obtained a new customer contract amounting to approximately S\$0.8 million for version 8. The accumulated capitalised amount for **Starlight** increased by approximately S\$0.5 million or 40.0% from S\$1.2 million in FY2015, to approximately S\$1.7 million in FY2016, primarily because (i) we successfully released **Starlight** version 4 EM Series in FY2016, and (ii) we also started the development of Tesseract. The remaining capitalised amount was attributable to **SpaceMonster** and myBill.sg Portal.

The following sections describe the basis of capitalisation of R&D expenses for our new products, namely SpaceMonster and myBill.sg:

SpaceMonster

Before developing SpaceMonster, we performed market research to study the potential sales opportunity and economic benefits of SpaceMonster. We made references to comparable successful products in other markets to develop the budgeted development costs and forecasted revenue. Taking into account the limited budgeted development costs and maintenance costs of SpaceMonster, the Directors believe that SpaceMonster will generate future economic benefits to our Group. In fact, the development of SpaceMonster has been completed and it was launched on a trial basis in July 2015 and we plan to officially launch SpaceMonster in early 2017 with full a marketing campaign.

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myBill.sg

Similarly, we have performed market research to study the potential sales opportunities and economic benefits of myBill.sg before development. We made reference to comparable successful products in other markets to develop the budgeted development costs and forecasted revenue. The Directors believe that the proposed liberalisation of the energy retail market in Singapore in the near future is expected to result in an increase in the demand of Energy Retailers for software applications which, in turn, is expected to strengthen energy billing and settlement functions. Revenue from myBill.sg will be derived on a transaction basis as we will charge a fee as a percentage of the value of the relevant transactions. Based on our forecast revenue, the Directors believe that myBill.sg will generate future economic benefits to our Company.

The table sets forth below summarises the annual R&D expenditure during the Track Record Period:

	For the financial year ended 31 May			
	2015	<i>% of</i>	2016	<i>% of</i>
	<i>S\$</i>	<i>Revenue</i>	<i>S\$</i>	<i>Revenue</i>
R&D Expenditure				
Charged into the income statement	34,978	0.5%	32,783	0.3%
Capitalised as the intangible assets at balance sheet and charged as investment cash out-flow	<u>2,012,776</u>	<u>27.5%</u>	<u>1,581,280</u>	<u>14.3%</u>
R&D expenditure incurred during the period	<u>2,047,754</u>	<u>28.0%</u>	<u>1,614,063</u>	<u>14.6%</u>

Finance costs

We had previously secured our debt financing during the Track Record Period either through banks or shareholders. A loan of S\$1.0 million was made to us by our shareholders on 25 August 2015 for our operational needs, which was subsequently fully repaid by us on 25 March 2016. During the Track Record Period, we had one external bank credit facility of S\$135,000 that was guaranteed by Mr. Lau and Mr. Ong, our Shareholders and executive Directors, of which only S\$42,107 was utilised. The outstanding balance of the loans was subsequently repaid in full on 12 August 2016.

Our Group's finance costs increased by S\$36,685 or 388.7% from S\$9,439 in FY2015 to S\$46,124 in FY2016, mainly attributed to the interest expense of S\$40,000 in relation to the six-month short term loan from our Group's shareholders in FY2016. As at 31 May 2016, all shareholders loans and interests were fully paid.

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Income tax expense

Our income tax expense consists of current tax and deferred tax. Current tax mainly comprises of (i) income tax charged by the Indian government of S\$6,888 in FY2015, and S\$6,619 in FY2016; (ii) deferred tax of approximately S\$14,587 in 2015 and approximately S\$720,923 in FY2016. The deferred tax expenses increase by S\$706,336 from FY2015 to FY2016 is mainly attributed to the utilisation of tax losses caused by the significant increase in profit for FY2016. Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate tax of our Singapore, Malaysia and India subsidiaries were calculated at 17%, 24% and 30.9% respectively for the financial year ended 31 May 2015, and 17%, 25% and 30.9% respectively for the financial year ended 31 May 2016, on the chargeable income. The effective tax rates were approximately (6.5%) and 22.6%, respectively for FY2015 and FY2016. The effective tax rate for FY2015 is much lower than the corporate tax rates because (i) the tax losses generated from the Malaysia subsidiary have not been recognised as deferred tax assets due to the unforeseeable profit stream of this subsidiary and (ii) certain expenses were not tax deductible in nature.

Profit/loss for the year

We had accumulated a net loss of S\$354,218 as of the year ended 31 May 2015, which explains why certain key financial ratios are not available on pages 9 and 272 of this prospectus. However, we were able to turn it into accumulated profit with a net profit of approximately S\$2.5 million during FY2016.

Our Group's primary operational expenses during the Track Record Period were sales and marketing as well as general and administrative expenses. The aggregate sales and marketing as well as general and administrative expenses of our Group amounted to approximately S\$3.5 million in FY2015, and approximately S\$3.6 million in FY2016, which represented a stable trend.

Our gross profit for FY2015 was however approximately S\$3.2 million, compared to approximately S\$6.7 million for FY2016. As such, our gross profit for FY2015 was not sufficient to cover our sales and marketing as well as general and administrative expenses, resulting in a net loss of S\$354,218 during the same financial year.

The significant growth in our gross profit was due to two factors: (i) increase in our revenue from approximately S\$7.3 million in FY2015 to approximately S\$11.1 million in FY2016 as a result of our sales and marketing initiatives launched in 2014 and 2015; and (ii) increase in our gross profit margin from approximately 43.03% in FY2015 to approximately 60.48% in FY2016 primarily due to improved project delivery methodology adopted for our **Simplicity** projects.

With the major investments in R&D and marketing since December 2013, our Group was able to grow its business and turned around with a net profit in FY2016 and these efforts have reflected in its year-on-year financial performance from FY2015 to FY2016 with (i) a 51.4% growth in revenue; (ii) a 112.8% growth in gross profit and (iii) a 17.5% increase in its gross profit margin from 43.0% to 60.5%; and (iv) economies of scale from our operations.

Accumulated losses at beginning of the Track Record Period

Our Group's accumulated losses of S\$2.1 million at the beginning of the Track Record Period were mainly attributable to a current year loss of approximately S\$3.1 million during the financial year ended 31 May 2014, which was in turn attributable to the following key factors:

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Aggressive staff recruitment – labour cost is one of our Group’s major cost elements. As a key commercial strategy recommended by the Series D Pre-IPO Investors and the board members nominated by them, our Group increased its investments in human resources and recruited staff at both junior and senior levels in the financial year ended 31 May 2014. As a result, our total headcounts increased from 69 in the financial year ended 31 May 2013 to 126 in the financial year ended 31 May 2014. In association with the increased headcounts, the number of engineers’ and service consultants’ working hours increased and resulted in a total of approximately S\$8.6 million staff-related expenses, which were approximately S\$2.2 million higher than those of FY2015. The impacts of the related additional salaries and commissions and new computer equipment were apportioned among the cost of sales, distribution and sales, general and administration, and research and development expenses.

Our Company subsequently recognised the importance of rationalising its labour cost and reduced the headcounts to 85 and 75 in our project teams, respectively, in FY2015 and FY2016, retaining only the best quality staff to maximise efficiency, and as a result quickly turned into profit.

Gross loss of two strategic projects – two projects in the financial year ended 31 May 2014 recorded cost of sales that was higher than project revenue. With the aim of securing these two strategically important customers, our Company adopted a “cost-leader” strategy by proactively and considerably reducing prices at tendering projects during that financial year and as a result the projects secured from these two customers recorded gross losses.

Consequently, as both customers opted for the products and services rendered by our Company, the high supplier-switch opportunity costs (including but not limited to the system and software replacement costs, staff re-training costs and product switch costs) have effectively increased the bargaining power of our Group. As a result, our Group was, and has been, able to revert back to the normal prices charged for both customers. Subsequently, projects and services secured from these two strategic customers contributed high gross profit margins of approximately 70% on a project basis in both of the two financial years ended 31 May 2016.

Replacement of defective EM6000 meters in the financial year ended 31 May 2014 – this replacement, which was mainly attributable to the product warranty granted to our Group’s customers, and the write-off of the inferior product inventories, amounting to an additional expense of approximately S\$0.6 million, was considered as an one-off expense during the year.

Office relocation charges – our Company relocated its office to its current premises during the financial year ended 31 May 2014 and incurred approximately S\$75,600 in additional expenses in relation to the old office reinstatement to its pre-lease conditions and disposal of the equipment installed in the old office.

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Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit/loss and adjusted EBITDA as additional measures. We present these financial measures because they are used by our management to evaluate our financial performance after eliminating the impact of items that we do not consider indicative to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted Profit

We define adjusted profit as profit for the period excluding share-based payments and Listing-related expenses. The term of adjusted profit is not defined under IFRS. The use of adjusted profit has material limitation as an analytical tool, as it does not include all items that impact our profit or loss for the relevant periods. Items excluded from adjusted profit are significant components in understanding and assessing our operating and financial performance.

Adjusted EBITDA

We define adjusted EBITDA for the period before finance costs, income tax, depreciation and amortisation, further adjusted to exclude share-based payments and Listing-related expenses. The term of adjusted EBITDA is not defined under IFRS. The use of adjusted EBITDA has material limitation as an analytical tool, as it does not include all items that impact our profit or loss for the relevant periods. Items excluded from adjusted EBITDA are significant components in understanding and assessing our operating and financial performance.

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The following table reconciles our adjusted profit and adjusted EBITDA for the periods presented to the IFRS profit/loss for the periods indicated:

	FY2015	FY2016
	S\$	S\$
Profit/(Loss) for the year	(354,218)	2,493,698
Add:		
Listing-related expenses	—	555,977
Share-based payments	108,937	201,848
	<u> </u>	<u> </u>
Adjusted profit/(loss) for the year (unaudited)	<u>(245,281)</u>	<u>3,251,523</u>
Profit/(Loss) before tax for the year	(332,743)	3,221,240
Add:		
Share-based payments	108,937	201,848
Listing-related expenses	—	555,977
Adjust for:		
Depreciation and amortisation	434,507	572,306
Loss on disposal of property, plant and equipment	19,523	—
Finance cost	9,439	46,124
	<u> </u>	<u> </u>
Adjusted EBITDA (unaudited)	<u>239,663</u>	<u>4,597,495</u>

In light of the foregoing limitations for these non-IFRS measures, when assessing our operating and financial performance, you should not consider adjusted profit and adjusted EBITDA in isolation or as a measure that is calculated in accordance with IFRS. In addition, because these non-IFRS measures may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Financial year ended 31 May 2015 compared to financial year ended 31 May 2016

Revenue

The overall revenue of our Group increased by approximately S\$3.8 million or 51.4% from approximately S\$7.3 million in FY2015 to approximately S\$11.1 million in FY2016, which was primarily due to (i) increase in revenue from **Simplicity** of approximately S\$3.1 million as a result of the additional project revenue generated from the provision of professional services including design and configuration of tailored systems according to our customers' specific requirements; and (ii) increase in revenue from **Starlight** products of approximately S\$0.7 million as a result of the increase in project based revenue as we secured five material contracts in Singapore and Malaysia and started to deploy the SaaS model by renting out the meters and providing associated services for **Starlight** in FY2016. For details of the revenue recognition of each product category and of each geographical location, please refer to the section headed "Financial Information — Description of Selected Items from Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue".

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Cost of sales

Our cost of sales remained stable during the Track Record Period. There was a small increase of approximately S\$0.2 million or 5.1% from approximately S\$4.2 million in FY2015 to approximately S\$4.4 million in FY2016. This was primarily due to (i) the rationalisation of salaries by consolidating our sales team with our customer service team and the reduction of our product team headcount; (ii) the increase of **Starlight's** in-house system fee; and (iii) the increase of amortisation charges from the capitalised product development. The increase was partially offset primarily by (i) the decrease of the professional fees, as the security audit previously required by certain government authority customers was no longer requested in FY2016; and (ii) the switch to an outsourced programme and technical support team which charged us lower fees. For details of our cost of sales during the period, please refer to the section headed "Financial Information — Description of Selected Items from Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of sale" in this prospectus.

Gross profit and gross profit margin

In line with the increase in our revenue, our gross profit increased by approximately S\$3.5 million or 112.8% from approximately S\$3.2 million in FY2015 to approximately S\$6.7 million in FY2016. The increase in gross profit was primarily due to (i) increase of revenue from both of our products; and (ii) decrease of professional fee, which was partially off set by the small increase of system fees and the increase of the amortisation of the capitalised product development cost. Please refer to the section headed "Financial Information — Description of Selected Items from Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross profit" in this prospectus for details of analysis of our gross profit margin during the period.

Other revenue

Our other revenue increased by S\$47,402 or 29.5% from S\$160,846 in FY2015 to S\$208,248 in FY2016, primarily due to the increase of government grants. Please refer to the section headed "Financial Information — Description of Selected Items from Consolidated Statements of Profit or Loss and Other Comprehensive Income — Other revenue" in this prospectus for details of analysis of our other revenue during the period.

Other gains and losses

Our other gains and losses decreased by S\$28,541 or 32.2% from S\$88,635 in FY2015 to S\$60,094 for FY2016, which was primarily due to the decrease of (i) the write-down of inventories; and (ii) absence of loss derived from the disposal of property, plant and equipment, which was partially offset by the increased net loss from the translation of subsidiaries accounts from foreign currencies into S\$ at consolidation, in FY2016.

FINANCIAL INFORMATION

Marketing and other operating expenses

Our marketing and other operating expenses decreased by S\$231,924 or 24.3% from S\$954,209 in FY2015 to S\$722,285 in FY2016, which was primarily due to (i) the decrease of sales staff salaries resulting from consolidating our sales and marketing team with our customer service team and (ii) absence of costs attributable to the redesigning of our company website and corporate branding marketing initiatives in FY2016.

Administrative expenses

Our administrative expenses increased by approximately S\$0.2 million or 10.7% from approximately S\$2.6 million in FY2015 to approximately S\$2.8 million in FY2016, which was primarily due to the increase in professional fees as a result of the expenses incurred for the preparation of the Listing, which was partially offset by (i) decrease of bad debt provision, and (ii) decrease in the junior staff member headcount which resulted in the decrease of salaries and associated benefits.

Research and development cost

Our research and development cost remained stable, showing a small decrease of S\$2,195 or 6.3% from S\$34,978 in FY2015 to S\$32,783 in FY2016, which was primarily attributable to our continuous efforts in enhancing the features of existing software during the period.

Finance costs

Our finance cost increased by S\$36,685 or 388.7% from S\$9,439 in FY2015 to S\$46,124 in FY2016, which was primarily due to the increase of the interest expenses arose from (i) a six-month short-term loan from our shareholders to bridge the working capital needs in FY2016, and (ii) utilisation of a loan facility from an external bank. The shareholders' loan was subsequently settled during the Track Record period, and the external bank loan facility was repaid in full on 12 August 2016.

Income tax expense

Our income tax expenses increased by S\$706,067 or 3,287.9% from S\$21,475 in FY2015 to S\$727,542 in FY2016, which was primarily due to the application of deferred tax liability from the deferred tax asset granted to financial year 2014.

Profit/loss for the year

As a result of the foregoing, the profit or loss for the year of our Group increased by approximately S\$2.9 million from a loss of approximately S\$0.4 million in FY2015, to profit of approximately S\$2.5 million in FY2016. Our net profit margin was approximately 22.5% in FY2016 (loss-making in FY2015) due to the increased revenue and gross margin.

LIQUIDITY AND CAPITAL RESOURCES

Our cash is mainly used to finance our operations and satisfy our capital expenditure needs. During the Track Record Period, our principal sources of liquidity and capital resources were cash flow generated from operations, bank borrowings and borrowings from our shareholders.

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Cash flows

The table below sets out the selected cash flow data from the consolidated statements of cash flows for the Track Record Period and such information should be read together with the consolidated financial information contained in the Accountant's Report in Appendix I to this prospectus:

	FY2015	FY2016
	S\$	S\$
Operating cash flow before changes in working capital	267,355	4,015,328
— Add: Listing-related expenses	—	555,977
Adjusted operating cash flow before changes in working capital ^(Note)	267,355	4,571,305
Net cash (used in)/generated from operating activities	(202,339)	3,866,748
Net cash (used in) investing activities	(2,297,160)	(1,631,421)
Net cash (used in) financing activities	(41,088)	(81,089)
Net (decrease)/increase in cash and cash equivalents	(2,540,587)	2,154,238
Cash and cash equivalents at beginning of the year	3,149,481	613,097
Effect of foreign exchange rate changes	4,203	6,216
Cash and cash equivalents at end of the year	613,097	2,773,551

Note: Non-IFRS MEASURES — adjusted operating cash flow before changes in working capital

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted operating cash flow before changes in working capital as additional measures. We present these financial measures because they are used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

We define adjusted operating cash flow before changes in working capital for the period by excluding Listing-related expenses. The term of adjusted operating cash flow before changes in working capital is not defined under IFRS. The use of adjusted operating cash flow before changes in working capital has material limitations as an analytical tool, as it does not include all items that impact our profit or loss for the relevant periods. Items excluded from adjusted operating cash flow before changes in working capital are significant components in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for these non-IFRS measures, when assessing our operating and financial performance, you should not consider adjusted operating cash flow before changes in working capital in isolation or as a measure that is calculated in accordance with IFRS. In addition, because these non-IFRS measures may not be calculated in the same manner by all companies, it may not be comparable to other similar titled measures used by other companies.

Net cash used in/generated from operating activities

Net cash used in/generated from operating activities primarily consisted of loss/profit before taxation adjusted for non-cash items, such as depreciation of property, plant and equipment, amortisation of intangible assets, loss on disposal of property, plant and equipment, interest expense, share-based payment, release of deferred capital grant, provision for obsolete stock and provision for doubtful debts.

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Cash flow generated from operating activities is the major source of funds of our Group for FY2016. We primarily derive our cash inflows from project based revenue, which refers to professional service fees, sales of meters and licenses; and recurring services income from a combination of the revenues from the recurring maintenance and service requests and/or the recurring under SaaS model.

For FY2015, our net cash used in operating activities was S\$202,339, as a result of the combined effects of (i) operating cash flows before working capital changes of S\$267,355; (ii) decrease in trade receivables of S\$407,638; (iii) decrease in other receivables, deposits and prepayments of S\$181,889; (iv) increase in deferred income of S\$30,684; and (v) effect of foreign exchange rate changes of S\$12,439, which were fully offset by (i) increase in inventories of S\$120,855; (ii) increase in amounts due from customers of S\$67,326; (iii) decrease in trade payables of S\$147,330; (iv) decrease in other payables and accruals of S\$323,115; (v) decrease in amounts due to customers of S\$283,320; (vi) decrease in provision for warranty of S\$159,360; and (vii) income tax paid of S\$1,038.

For FY2016, our net cash generated from operating activities was approximately S\$3.9 million, as a result of the combined effects of (i) operating cash flows before working capital changes of approximately S\$4.0 million; (ii) decrease in inventories of S\$144,072; (iii) decrease in amounts due from customers of S\$67,508; (iv) increase in trade payables of S\$130,217; (v) increase in other payables and accruals of S\$542,958; (vi) increase in amounts due to customers of S\$5,413; (vii) increase in amount due to a shareholder of \$35,200; (viii) increase in deferred income of S\$14,753; and (ix) effect of foreign exchange rate changes of S\$44,295, which were partially offset by (i) increase in trade receivables of S\$770,309; (ii) increase in other receivables, deposits and prepayments of S\$183,799; (iii) decrease in provision for warranty of S\$171,778; and (iv) income tax paid of S\$7,110.

Net cash used in investing activities

For FY2015, our net cash used in investing activities was approximately S\$2.3 million. The amount was mainly attributed to (i) investments for development of intangible assets of approximately S\$2.0 million; and (ii) purchase of property, plant and equipment of S\$284,384.

For FY2016, our net cash used in investing activities was S\$1.6 million. The amount was mainly attributed to (i) payment for development of intangible assets of approximately S\$1.6 million, which were partially offset by the proceeds from government grants for research and development of S\$81,043; and (ii) purchase of property, plant and equipment of S\$131,184.

Net cash used in financing activities

For FY2015, our net cash used in financing activities was S\$41,088. The amount was mainly attributed to (i) repayment of bank borrowing of S\$31,649; and (ii) interest paid of S\$9,439.

For FY2016, our net cash used in financing activities was S\$81,089. The amount was mainly attributed to (i) repayment of bank borrowing of S\$34,965; (ii) repayment of loan from shareholder of approximately S\$1.0 million; and (iii) interest paid of S\$46,124, which were partially offset by the proceeds of a loan from shareholders of approximately S\$1.0 million.

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WORKING CAPITAL

Our Directors are of the opinion, that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus, taking into account (i) our available bank balances and cash, (ii) the cash flows from our operations, and (iii) the estimated net proceeds from the Placing.

Our Directors confirm that there have not been any material defaults in payment of trade and other payables and bank borrowing or any material covenants relating to our Group's outstanding borrowing during the Track Record Period.

NET CURRENT ASSETS

The table below sets out our current assets and current liabilities of our consolidated statements as a shareholders the dates indicated.

	As at 31 May 2015 (Audited) S\$	As at 31 May 2016 (Audited) S\$	As at 30 September 2016 (Unaudited) S\$
Current assets			
Trade receivables	1,466,103	2,230,456	2,408,036
Other receivables, deposits and prepayments	287,087	469,098	442,124
Inventories	538,137	379,519	392,968
Amounts due from customers	246,433	178,854	434,797
Bank balances and cash	<u>613,097</u>	<u>2,773,551</u>	<u>1,304,458</u>
Total	<u>3,150,857</u>	<u>6,031,478</u>	<u>4,982,383</u>
Current liabilities			
Trade payables	468,991	597,984	315,816
Other payables and accruals	278,968	821,003	1,549,468
Amounts due to customers	94,251	99,664	—
Amount due to a shareholder	—	35,200	—
Provision for warranty	190,640	18,862	18,862
Bank borrowing	34,962	38,625	—
Deferred capital grants	33,049	8,280	2,771
Deferred income	389,966	404,449	181,955
Tax payable	<u>7,012</u>	<u>6,345</u>	<u>10,775</u>
Total	<u>1,497,839</u>	<u>2,030,412</u>	<u>2,079,647</u>
Net current assets	<u>1,653,018</u>	<u>4,001,066</u>	<u>2,902,736</u>

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Our current assets include trade receivable, other receivables, deposits and prepayments, inventories, amounts due from customers and bank balances and cash. Our current liabilities include trade payables, other payables and accruals, amounts due to customers, an amount due to a shareholder, provision for warranty, bank borrowing, deferred capital grants, deferred income and tax payable.

We recorded net current assets of approximately S\$1.7 million and S\$4.0 million as at 31 May 2015 and 31 May 2016, respectively. The increase in the net current assets was due to (i) increase in trade receivables of S\$764,353; (ii) increase in other receivables, deposits and prepayments of S\$182,011; (iii) increase in bank balances and cash of approximately S\$2.2 million; (iv) decrease in provision for warranty of S\$171,778; (v) decrease in deferred capital grants of S\$24,769; and (vi) decrease in tax payable of S\$667, which were partially offset by (i) decrease in inventories of approximately S\$158,618; (ii) decrease in amounts due from customers of S\$67,579; (iii) increase in trade payables of S\$128,993; (iv) increase in other payables and accruals of S\$542,035; (v) increase in amounts due to customers of S\$5,413; (vi) increase in amount due to a shareholder of S\$35,200; (vii) increase in bank borrowing of S\$3,663; and (viii) increase in deferred income of S\$14,483.

Trade receivables

Our trade receivables increased by S\$764,353 or 52.1% from approximately S\$1.5 million in 2015 to approximately S\$2.2 million in 2016. This is mainly attributed to the increase in revenue of approximately S\$3.8 million or 51.4% from approximately S\$7.3 million to approximately S\$11.1 million in 2016. For details of the breakdown of trade receivables, please refer to the table below.

	FY2015	FY2016
	S\$	S\$
Trade receivables	1,484,553	2,230,456
Less: provision for doubtful debts	<u>(18,450)</u>	<u>—</u>
	<u>1,466,103</u>	<u>2,230,456</u>

Our Group has put in place a credit policy to monitor the recoverability of our trade receivables on a bi-weekly basis, and, when appropriate, to provide for impairment for these trade receivables. For those trade receivables which recovery is considered doubtful but not remote, impairment losses are recorded using an allowance account. The S\$18,450 provision was made against one of our Malaysian customers who went out of business owing to unfavorable market conditions during FY2015. No doubtful debt provision was made in FY2016 because all receivables have been assessed as recoverable by our Group. As the majority of our customers are either from government authorities and agencies or reputable international corporations with established presence in Singapore and abroad, our Directors previously did not see, and do not consider that there are any difficulties in the collection of the trade receivables.

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The table below sets out the aging analysis of our trade receivables (net of impairment losses) based on invoiced date at the end of each indicated periods:

	FY2015 S\$	FY2016 S\$
Within 1 month	891,560	1,381,643
2–3 months	449,947	743,802
4–6 months	103,081	96,768
7–12 months	<u>21,515</u>	<u>8,243</u>
Total	<u>1,466,103</u>	<u>2,230,456</u>

The amount of trade receivables past due but not impaired in aggregation amounted to S\$761,792 as at 31 May 2016. This amount was related to a number of independent customers that have a good track record with us. Some of these customers were Singapore government authorities or their subsidiaries with very low credit risks. Based on past experience, our Directors believe that no impairment allowance is necessary as the credit quality of these customers was not significantly changed, and these balances were still considered fully recoverable.

As at 30 September 2016, S\$1,772,506, or 79.5% of the total outstanding trade receivables as at 31 May 2016 was subsequently settled.

The table below sets out the average trade receivables turnover days:

	Financial Year ended 31 May	
	2015	2016
Trade receivables turnover days ^(Note)	<u>84</u>	<u>61</u>

Note: Trade receivables turnover days for the two financial years ended 31 May 2015 and 2016 are calculated by dividing the average trade receivables by corresponding revenue for the period multiplied by 365 days. Average trade receivables balance is the average of the beginning and ending trade receivables balances for the period.

Our trade receivables turnover days decreased by approximately 23 days or 27.4% from approximately 84 days in 2015 to approximately 61 days in 2016. This is mainly attributed to the effort from management in closely monitoring collection.

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Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments increased by S\$182,011 or 63.4% from S\$287,087 in 2015 to S\$469,098 in 2016. For details, please refer to the table below.

	FY2015	FY2016
	S\$	S\$
Deposits	220,530	230,136
Prepayments	61,441	238,962
Other receivables	<u>5,116</u>	<u>—</u>
Total	<u>287,087</u>	<u>469,098</u>

Deposits increased by S\$9,606 or 4.4% from S\$220,530 in 2015 to S\$230,136 in 2016. This is mainly attributed to the increased amount of tender deposits as a result of more tender sales by our Group, as well as the changes in project performance guarantee deposits during the year due to the launch of new projects and completion of existing projects. Prepayments increased by S\$177,521, or 288.9%, mainly due to the prepayment arrangements for Listing-related expenses incurred in the financial year 2016. Other receivables were non-trade related receivables, such as government reimbursement to our Group for male employees serving their national reserve service.

Inventories

Our inventories decreased by approximately S\$158,618 or 29.5% from S\$538,137 in 2015 to S\$379,519 in 2016. This is mainly attributed to the decrease of raw materials during the Track Record Period. The following table sets out the breakdown of our inventories as at the dates indicated and the inventory turnover days for the period indicated:

	FY2015	FY2016
	S\$	S\$
Raw materials	251,972	161,244
Work in progress	20,597	—
Finished goods	<u>265,568</u>	<u>218,275</u>
Total	<u>538,137</u>	<u>379,519</u>

During the period, raw materials decreased by S\$90,728 or 36.0% from S\$251,972 in 2015 to S\$161,244 in 2016, mainly attributable to improvement of inventory management.

As our Group is an IT company, comparison of inventory turnover days is not meaningful.

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Amounts due from/(to) customers

Our amounts due from/(to) customers are set out in the table below.

	FY2015 S\$	FY2016 S\$
Contracts in progress at the end of reporting period:		
— Costs incurred to date plus recognised profits	1,208,678	1,717,324
— Less: progress billings	<u>(1,056,496)</u>	<u>(1,638,134)</u>
	<u>152,182</u>	<u>79,190</u>
Represented by:		
— Due from customers	246,433	178,854
— Due to customers	<u>(94,251)</u>	<u>(99,664)</u>
	<u>152,182</u>	<u>79,190</u>

The amounts due from customers decreased by S\$67,579 or 27.4% from S\$246,433 in FY2015 to S\$178,854 in FY2016; the amounts due to customers increased by S\$5,413 or 5.7% during the same period, mainly attributable to timing difference at the billing process.

Bank balances and cash

Our bank balances and cash comprise of cash at bank and cash on hand. Bank balances and cash increased by approximately S\$2.2 million or 352.4% from S\$613,097 in FY2015 to S\$2.8 million in FY2016, which was mainly attributed to a series of factors mainly including but not limited to (i) the increase in operating profit before income tax of approximately S\$0.3 million from operating loss before tax in FY2015 to operating profit before tax of approximately S\$3.2 million in FY2016, as a result of the increase in revenue of approximately S\$3.8 million or 51.4% from approximately S\$7.3 million to approximately S\$11.1 million in 2016, (ii) effective working capital control which resulted in a change of net working capital inflow of S\$267,355 during FY2015, to net outflow of S\$4,015,328 during FY2016, which was partially offset by provision for warranty of S\$171,778 for our products in relations to the replacement of our deployed obsolete **Starlight** meter.

Trade payables

Our trade payables increased by S\$128,993 or 27.5% from S\$468,991 in FY2015 to S\$597,984 in FY2016. Trade payables are non-interest bearing and a credit term of approximately 30 days is received from suppliers of our Group.

FINANCIAL INFORMATION

The following table sets out an analysis of our trade payables based on the invoice date at the end of each indicated period:

	FY2015 S\$	FY2016 S\$
Within 1 month	302,966	338,246
2–3 months	131,073	201,173
4–6 months	26,573	39,219
7–12 months	2,196	10,267
Over 12 months	<u>6,183</u>	<u>9,079</u>
Total	<u>468,991</u>	<u>597,984</u>

The following table sets out the average trade payables turnover days.

	Financial Year ended 31 May	
	2015	2016
Trade payables turnover days ^(Note)	<u>47</u>	<u>44</u>

Note: Trade payables turnover days are calculated by dividing the average payables by corresponding cost of sales for the period multiplied by 365 days for the two years ended 31 May 2016. Average trade payables balance is the average of the beginning and ending trade payables balances for the period.

Our trade payables turnover days decreased by approximately 3 days or 6.4% from approximately 47 days in FY2015 to approximately 44 days in FY2016. The trade payable turnover days remained stable along with the increase of cost of sales by approximately S\$210,793 or 5.1%.

As at 30 September 2016, S\$517,381, or 86.5% of the total outstanding trade payables as at 31 May 2016 was subsequently settled.

Other payables and accruals

Our other payables and accruals increased by S\$542,035 or 194.3% from S\$278,968 in 2015 to S\$821,003 in FY2016. This is mainly attributed to the increase in other payables. For details of the breakdown of other payables and accruals, please refer to the table below.

	FY2015 S\$	FY2016 S\$
Other payables	108,474	362,888
Accruals	62,994	274,878
GST payables	<u>107,500</u>	<u>183,237</u>
Total	<u>278,968</u>	<u>821,003</u>

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Other payables increased by S\$254,414 or 234.5% from S\$108,474 in 2015 to S\$362,888 in FY2016, mainly attributable to the expenses administrative in nature, as well as the payables of S\$255,320 to professional parties for the listing of our Company.

Accruals increased by S\$211,884 or 336.4% from S\$62,994 in FY2015 to S\$274,878 in FY2016, mainly attributable to the provision for expenses that were incurred but not yet invoiced by suppliers of our Group which included accruals of S\$168,794 to professional parties for the Listing. Accruals were also made for commission and claims reimbursements due to staff who were not paid as at the financial year end.

GST payables increased by S\$75,737 or 70.5% from S\$107,500 in FY2015 to S\$183,237 in FY2016, mainly attributable to the increase in revenue for the financial year which resulted in a higher GST.

Amount due to a shareholder

The amount due to a shareholder increased by S\$35,200 from nil in FY2015 to S\$35,200 in FY2016. This is mainly attributable to the professional fees paid to a shareholder as external sales consultant to our Company to assist our Company in the acquisition of new customers.

Provision for warranty

Our provision for warranty was mainly made in the financial year ended 31 May 2014 for the replacement of the deployed obsolete version of **Starlight** meters which were found to be defective in a project completed in 2014. During the Track Record Period, replacement of such obsolete meters was completed, therefore such provision was subsequently utilised. Apart from the provision of this project, the management also assesses the possibility of further warranty claim based on our Group's recent claim experience and considers the provision for warranty as at 31 May 2016 is adequate. The table sets out below the breakdown of provision for warranty for each of the indicated period.

	FY2015	FY2016
	S\$	S\$
At the beginning of year	350,000	190,640
Utilised during the year	<u>(159,360)</u>	<u>(171,778)</u>
At end of year	<u>190,640</u>	<u>18,862</u>

Bank borrowing

Our bank borrowing, including current and non-current bank borrowing, is interest-bearing and secured. The total bank borrowing decreased by S\$34,965 or 45.4% from S\$76,982 in FY2015 to S\$42,017 in FY2016. As at 31 May 2016, our Group has one bank loan. This loan of S\$135,000 was raised on 21 June 2013 and is interest bearing at 2% per annum over the United Overseas Bank's Business Board Rate prevailing from time to time. The loan shall be repaid over 48 monthly installments and commenced one month from 21 June 2013. It was guaranteed by Mr. Lau and Mr. Ong, our executive Directors. This is mainly attributed to the decrease of non-current bank borrowing in 2016 due to the repayment of monthly installments during the period. For details of the bank borrowing, please refer to the table below. The loan balance was subsequently fully repaid using our internal generated cash on 12 August 2016.

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	FY2015 S\$	FY2016 S\$
Within 1 year	34,962	38,625
More than 1 year, but not exceeding 2 years	38,628	3,392
More than 2 years, but not exceeding 5 years	<u>3,392</u>	<u>—</u>
	<u>76,982</u>	<u>42,017</u>

Deferred capital grants

Our deferred capital grants relate to government grants for the research and development expenditure incurred by our Company for **Starlight** projects. There are no unfulfilled conditions or contingencies attached to the grants. The grant is amortised over the useful lives of intangible assets. The deferred capital grants increased by S\$47,996 or 116.1% from S\$41,327 in FY2015 to S\$89,323 in FY2016. This is mainly attributed to the increase in the non-current portion of the deferred capital grants, which is partially offset by the decrease in the current portion. For details of the breakdown of the deferred capital grants, please refer to the table below.

		S\$
Cost		
At 1 June 2014 and 31 May 2015		165,257
Addition		<u>81,043</u>
At 31 May 2016		<u>246,300</u>
Amortisation		
At 1 June 2014		90,881
Charge for the year		<u>33,049</u>
At 31 May 2015		123,930
Charge for the year		<u>33,047</u>
At 31 May 2016		<u>156,977</u>
Carrying amount		
At 31 May 2015		<u>41,327</u>
At 31 May 2016		<u>89,323</u>
	FY2015	FY2016
	S\$	S\$
Represented by:		
Current portion	33,049	8,280
Non-current portion	<u>8,278</u>	<u>81,043</u>
Total	<u>41,327</u>	<u>89,323</u>

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Deferred income

Our deferred income represents amounts received from customers but not yet recognized to the profit or loss due to services that have not been rendered as at the end of the financial year ends. The deferred income increased by S\$14,483 or 3.7% from S\$389,966 in FY2015 to S\$404,449 in FY2016. This is mainly attributed to the increase in payment in advance for maintenance work.

Income tax payable

The tax payable balances of our Group were S\$7,012 as at 31 May 2015 and S\$6,345 as at 31 May 2016. The decrease in income tax payable was mainly due to payment of income tax before year end.

INDEBTEDNESS

Bank borrowing

Our Group has one bank loan and it is interest-bearing and secured. For details of the bank loan during the Track Record Period, please refer to the table below.

	Financial Year ended 31	
	May	
	2015	2016
	S\$	S\$
Interest-bearing and secured	<u>76,982</u>	<u>42,017</u>

At the end of the Track Record Period, our Group had one bank loan. The loan of S\$135,000 was raised on 21 June 2013 and is interest bearing at 2.0% per annum over the market benchmark rate prevailing from time to time. This loan was primarily used for financing the general capital of our operations. The loan was scheduled to be repaid over 48 monthly installments and commenced from 21 June 2013. It was guaranteed by Mr. Lau and Mr. Ong, our executive Directors. There was no pledge of any asset for this loan amount.

With the increase in cash flow from operating activities and the decrease in cash flow requirement due to our enhanced cost control measures, our Group settled S\$34,965 outstanding borrowing from this loan, which led to the decrease in our bank borrowings as at 31 May 2016. The balance and the loan was fully repaid by us using our internally generated cash on 12 August 2016.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm there were no material restrictive covenants relating to any of our outstanding debts. We did not breach any restrictive covenants. During the Track Record Period, we had not experienced difficulties in obtaining bank borrowing and/or overdrafts and finance leases. As at the Latest Practicable Date, since the Latest Practicable Date and up to the date of this prospectus, there had not been any material adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

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As at the latest practicable date for purpose of the indebtedness statement, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptance, acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 30 September 2016. As at the Latest Practicable Date, we had no unutilised banking facilities.

CAPITAL EXPENDITURE

Our capital expenditure decreased by approximately S\$585,000 or 25.5% from approximately S\$2,297,000 in FY2015 to approximately S\$1,712,000 in FY2016. This is mainly attributed to (i) decrease of capital expenditure on property, plant and equipment of approximately S\$153,000 or 53.9% from approximately S\$284,000 in FY2015 to approximately S\$131,000 in FY2016; and (ii) decrease of capital expenditure on intangible assets of approximately S\$431,000 or 21.4% from approximately S\$2,012,000 in FY2015 to approximately S\$1,581,000 in FY2016. For details of the breakdown of capital expenditure of our Group, please refer to the table below.

	Property, plant and equipment S\$	Intangible assets S\$	Total S\$
Cost			
At 1 June 2014	576,025	1,143,220	1,719,245
Additions	284,384	2,012,776	2,297,160
Disposals	(36,008)	—	(36,008)
Exchange alignment	(1,228)	—	(1,228)
At 31 May 2015	823,173	3,155,996	3,979,169
Additions	131,184	1,581,280	1,712,464
Exchange alignment	(5,277)	—	(5,277)
At 31 May 2016	<u>949,080</u>	<u>4,737,276</u>	<u>5,686,356</u>

During the Track Record Period, we incurred capital expenditure for the purchase of plant and equipment. The addition of S\$284,384 was mainly attributable to the capitalisation of the remaining balance for the renovation of our new office continued during FY2015 and FY2016 and the acquisition of new office equipment including but not limited to servers, furniture and computers for our staff. The addition of S\$131,184 in FY2016 mainly related to the relocation of our Indian office and the associated purchase of furniture and fixtures.

During the same period, we incurred further capital expenditure for the R&D, and were substantially capitalised as our internally generated intangible assets. Approximately S\$2.0 million was capitalised during FY2015, which included the R&D cost attributable to the development of **Simplicity** version 8, the completion of **Starlight** EM series meter, and the final portion of the **SpaceMonster** investment amounting to S\$1,351,118, S\$597,348 and S\$64,310 respectively. In FY2016 we capitalised approximately S\$1.6 million, including the completion of the **Simplicity** version 8, the commencement of the development of myBill.sg, as well as the

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commencement of the design and development of Tesseract, which respectively amounted to S\$1,039,038, S\$56,703 and S\$485,539. For detailed R&D capitalisation please refer to note 18 of the Appendix I in this prospectus.

Our capital expenditure decreased from S\$2,297,160 in FY2015 to S\$1,712,464 in FY2016 due to the completion of **SpaceMonster's** development in FY2015.

Planned capital expenditure

For the two financial years ending 31 May 2017 and 2018, we estimate that the capital expenditures will amount to approximately S\$2.3 million and S\$4.0 million, respectively, which are primarily used for acquiring server infrastructure, enhancing and expanding product offerings, strengthening sales and marketing efforts, as well as acquiring of foreign companies. Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Uses of Proceeds" in this prospectus.

OPERATING LEASE COMMITMENTS

As lessee

	Financial Year ended 31 May	
	2015	2016
	S\$	S\$
Minimum lease payments paid under operating leases during the year	<u>680,555</u>	<u>715,789</u>

At the end of the Track Record Period, our Group had total future minimum lease payments under non-cancellable operating leases as follows:

	Financial Year ended 31 May	
	2015	2016
	S\$	S\$
Within one year	711,671	707,349
In the second to fifth years, inclusive	<u>819,543</u>	<u>116,646</u>
	<u>1,531,214</u>	<u>823,995</u>

Operating lease payments represent rentals payable by our Group for our office premises. Leases are negotiated for terms between one to three years at fixed rentals.

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As lessor

	Financial Year ended 31 May	
	2015 S\$	2016 S\$
Minimum lease payments received under operating leases during the year	—	<u>11,835</u>

At the end of the Track Record Period, our Group had total future minimum lease payments receivable under non-cancellable operating leases as follows:

	Financial Year ended 31 May	
	2015 S\$	2016 S\$
Within one year	—	14,010
In the second to fifth years, inclusive	—	<u>2,955</u>
	—	<u>16,965</u>

Operating lease payments receivable represent rentals receivable by our Group for leasing the **Starlight** meters. The leases are negotiated for a term of two years at fixed rentals.

CONTINGENT LIABILITIES

As at 31 May 2016, we did not have any material contingent liabilities or guarantees. We are currently not involved in any material litigation or claims of material importance, nor are we aware of any pending or threaten litigation or claims of material importance against any member of our Group.

Our Directors have confirmed that there has been no material change in the contingent liabilities of our Group since 31 May 2016 and up to the Latest Practicable Date.

SUBSEQUENT EVENTS

Other than the Shareholding Restructuring as referred in the section headed "History & Development — Shareholding Restructuring" in this prospectus, we had no material events subsequent to the Track Record Period and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangement.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

Interest and professional service fee

In addition to the transactions disclosed elsewhere in this Financial Information section, our Group entered into the following significant transactions:

	Financial Year ended 31	
	May	
	2015	2016
	S\$	S\$
Interest expenses paid to following shareholders ^(Note) :		
— BAF Spectrum Pte. Ltd.	—	7,622
— iGlobe	—	15,759
— Mr. LIM Ho Kee	—	101
— Majuven Fund 1 Ltd.	—	16,317
— Mr. LEE Ching Yen Stephen	—	201
	<u>—</u>	<u>40,000</u>
Professional service fee paid to a shareholder:		
— Majuven Fund 1 Ltd.	<u>9,120</u>	<u>35,200</u>

Note: On 24 August 2015, our Company entered into a non-convertible bridge loan (“**Bridge Loan**”) agreement with our shareholders to borrow a six-month term loan with principal amount of S\$1,000,000 at a fixed rate of 8% per annum. The loan was fully repaid during the financial year ended 31 May 2016.

Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period.

Amount due to a Shareholder

The amount due to a Shareholder is unsecured, interest-free and repayable on demand.

SELECTED KEY FINANCIAL RATIOS

	FY2015	FY2016
Gross profit margin ⁽¹⁾	43.0%	60.5%
Net profit margin ⁽²⁾	—	22.5%
Adjusted net profit margin ⁽³⁾	—	29.3%
Gearing ratio ⁽⁴⁾	1.5%	0.5%
Current ratio ⁽⁵⁾	2.1x	3.0x
Quick ratio ⁽⁶⁾	1.7x	2.8x
Return on equity ⁽⁷⁾	—	31.9%
Return on assets ⁽⁸⁾	—	24.7%

Notes:

(1) The gross profit margin is calculated by dividing the gross profit by the revenue for the respective year multiplied by 100%.

FINANCIAL INFORMATION

- (2) The net profit margin is calculated by dividing the net profit by the revenue for the respective year multiplied by 100%.
- (3) The adjusted net profit margin is calculated by dividing the net profit (excluding the one-off Listing-related expenses amounting to S\$555,977 and share-based payment amounting to S\$201,848 for the financial year ended 31 May 2016 by the revenue for the respective year multiplied by 100%.
- (4) The gearing ratio is calculated by dividing total bank borrowings with total equity as at the end of respective year multiplied by 100%.
- (5) The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year.
- (6) The quick ratio is calculated by dividing current assets less inventory with current liabilities as at the end of the respective year.
- (7) Return on equity equals the net profit attributable to Shareholders divided by the average balance of total equity as at the end of the respective year multiplied by 100%.
- (8) Return on assets is calculated by the net profit for the year divided by the average balance of total assets as at the end of the respective year multiplied by 100%.

Gross profit margin

Gross profit margin is our gross profit for the year as a percentage of our total revenue for each financial year.

Our gross profit margin increased by approximately 17.5% from approximately 43.0% in FY2015 to approximately 60.5% in FY2016. Our Company has invested significantly in staff training and product improvement programmes. As cost of sales is primarily comprised of staff salaries, any improvement in staff and product capabilities will result in higher gross margin. For details of the revenue and cost of sales, please refer to Financial Information of this prospectus.

Net profit margin

Net profit margin is our net profit for the year as a percentage of our total revenue for each financial year.

Our net profit margin was approximately 22.5% in FY2016 (FY2015: loss-making). This is mainly attributed to the improvement of higher gross margin as discussed earlier. For details of the revenue and cost of sales, please refer to the Financial Information of this prospectus.

Adjusted net profit margin

Adjusted net profit margin is our net profit excluding the one-off Listing-related expenses and share-based payments for the year as a percentage of our total revenue for each financial year.

Our adjusted net profit margin was approximately 29.3% in FY2016 (FY2015: loss-making). This is mainly attributed to the improvement of higher gross margin as discussed earlier. We incurred listing expenses of S\$555,977 in FY2016 (FY2015: nil) and the share-based payments

FINANCIAL INFORMATION

amounted to S\$201,848 (FY2015: S\$108,937). For details of the revenue and cost of sales, please refer to the “Financial Information — Non-IFRS Measures” of this prospectus.

Gearing ratio

Gearing ratio is the total amount of our loans and borrowings as a percentage of total equity as at the end of the financial year.

Our gearing ratio decreased by approximately 1.0% from approximately 1.5% in FY2015 to approximately 0.5% in FY2016. This is mainly attributed to the monthly repayment of our bank loan as discussed earlier. For details of the bank borrowing, please refer to the Financial Information of this prospectus.

Current ratio

Current ratio is derived by dividing our current assets by our current liabilities at the end of each financial year.

Our current ratio increased from approximately 2.1x in FY2015 to approximately 3.0x in FY2016. This is mainly attributed to the increase in current assets as discussed earlier. For details of the current assets, please refer to the Financial Information of this prospectus.

Quick ratio

Our quick ratio is derived by dividing current assets less inventories by current liabilities at the end of each financial year.

Our quick ratio increased from approximately 1.7x in FY2015 to approximately 2.8x in FY2016. This is mainly attributed to the combination effect of the increase in current assets and decrease in inventories as discussed earlier. For details of the current assets and the inventories, please refer to the Financial Information of this prospectus.

Return on equity

Our return on equity is our profit for the year as a percentage of our equity for each financial period.

Our return on equity was 31.9% in FY2016 (FY2015: loss-making). This is mainly attributed to the improvement of the gross margin as discussed earlier. For details of the revenue and cost of sales, please refer to the Financial Information of this prospectus.

Return on assets

Our return on assets is our profit for the year as a percentage of our total assets for each financial year.

Our return on assets was 24.7% in FY2016 (FY2015: loss-making). This is mainly attributed to the improvement of a higher gross margin as discussed earlier. For details of the revenue and cost of sales, please refer to the Financial Information of this prospectus.

FINANCIAL INFORMATION

FINANCIAL RISK MANAGEMENT

During our conduct of business, we are exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and currency risk.

Credit risk

Our Group's credit risk is primarily attributable to its trade and other receivables and amounts due from customers. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than one month past due are requested to settle all outstanding balances before any further credit is granted. Normally, our Group does not obtain collateral from customers.

Our Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 May 2015 and 31 May 2016, our Group has a certain concentration of credit risk as 31% and 28% of the total trade debtors were due from our Group's largest customer respectively and 54% and 55% of the total trade debtors were due from our Group's five largest customers respectively.

Further quantitative disclosure in respect of our Group's exposure to credit risk arising from trade and other receivables are set out in note 20 and 21 of the Accountants' Report under Appendix I of this prospectus.

Liquidity risk

Our 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 long term.

Interest rate risk

Our Group's interest rate risk arises primarily from bank borrowing. Borrowing issued at variable rates exposes our Group to cash flow interest rate risk and fair value interest risk respectively.

At the end of the Track Record Period, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would not derive significant change on our Group's (loss)/profit for the Relevant Periods.

FINANCIAL INFORMATION

Currency risk

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

The table sets forth below shows the percentage of our Group's revenue and cost of sales which are dominated in foreign currency.

	For the financial year ended 31 May			
	2015		2016	
	% in SGD	% in Foreign currency	% in SGD	% in Foreign currency
Revenue	96.2%	3.8%	97.8%	2.2%
Costs of Sales	97.3%	2.7%	92.3%	7.7%

DIVIDEND AND DISTRIBUTABLE RESERVES

During the Track Record Period, our Company did not declare any dividends to its then shareholders.

No specific dividend payout ratio

Our Board does not have a dividend policy specifying a dividend payout ratio. The payment and the amount of any dividends, if paid, will depend on our results of operations, cash flows, financial condition, future prospects and other factors that our Board may consider relevant. Our historical dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

As at the Latest Practicable Date, our Company has no distributable reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about how the Placing might have affected the consolidated net tangible assets attributable to the owners of our Company after the completion of the Placing as if the Placing had taken place on 31 May 2016. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the Placing been completed on 31 May 2016 or at any future dates.

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The unaudited pro forma adjusted consolidated net tangible assets of our Group as at 31 May 2016 is based on the audited consolidated net tangible assets attributable to the owners of our Company as at 31 May 2016 as shown in the Accountants' Report set out in Appendix I to this prospectus and the adjustments described below.

	Audited Consolidated net tangible assets attributable to owners of our Company as at 31 May 2016 S\$'000⁽¹⁾	Estimated net proceeds from the Placing S\$'000⁽²⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company S\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of our Company S\$^(3 and 4) HK\$	
Based on the Placing Price of HK\$0.71 per Share	<u>4,201</u>	<u>9,317</u>	<u>13,519</u>	<u>0.03</u>	<u>0.16</u>
Based on the Placing Price of HK\$0.91 per Share	<u>4,201</u>	<u>12,843</u>	<u>17,044</u>	<u>0.04</u>	<u>0.22</u>

Notes:

- The audited consolidated net tangible assets attributable to owners of our Company as at 31 May 2016 are based on audited consolidated net assets attributable to owners of our Company as at 31 May 2016 of S\$5,086,000 as set out in Appendix I to this prospectus, less intangible assets of S\$2,334,000.
- The estimated net proceeds from the Placing are based on 100,000,000 Placing Shares and the Placing Price of HK\$0.71 and HK\$0.91 per Placing Share respectively, after deduction of the underwriting fees and related expenses payable by our Company.
- The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 399,158,496 Shares in issue immediately following the completion of the Placing but takes no account of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates.
- For the purpose of estimated net proceeds from the Placing and the calculation of the unaudited pro forma adjusted consolidated net tangible assets per share, the translation between Singapore dollars and HK dollars was made at the rate of S\$1 = HK\$5.4458.
- No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 May 2016.

FINANCIAL INFORMATION

LISTING EXPENSES

Our Listing expenses mainly include underwriting commissions and professional fees in relation to the Listing. The total expenses (based on the mid-point of our indicative Placing Price range and including underwriting commissions) for the Listing is estimated to be approximately HK\$23.7 million. During the Track Record Period, we incurred actual listing expenses of approximately HK\$4.0 million, of which approximately HK\$3.0 million was charged to our consolidated statement of profit or loss for the financial year ended 31 May 2016 and a prepaid Listing expense of approximately HK\$1.0 million as at 31 May 2016, which are expected to be charged against equity as deduction against the Placing proceeds upon successful Listing under the relevant accounting standards. We expect to incur additional Listing expenses of approximately HK\$19.7 million, of which approximately HK\$13.2 million is expected to be charged to our consolidated statement of profit or loss for the financial year ending 31 May 2017 and approximately HK\$6.5 million to be capitalised as deferred expenses that is expected to be charged against equity upon successful Listing under the relevant accounting standards.

In view of the above, prospective investors should note that the financial results of our Group for the year ending 31 May 2017 will be adversely affected by the non-recurring expenses in relation to the Listing. Accordingly, our Group's net profit for the financial year 31 May 2017 may decrease as compared to the net profit for the financial year ended 31 May 2016 as a result of the listing expenses and share-based compensation. Our Directors would like to emphasise that the expenses in relation to the Listing are a current estimate for reference only and the financial amounts to be recognised in the equity and the statement of profit or loss and other comprehensive income of our Group for the financial year ending 31 May 2017 are subject to adjustment due to changes in estimates and assumptions.

MATERIAL ADVERSE CHANGE

Save as disclosed in the paragraph headed "Listing Expenses" in this section and the paragraph headed "Recent Development" in the "Summary" section in this prospectus, our Directors confirmed that since 31 May 2016 (being the date to which the latest audited consolidated financial statement of our Group were prepared) and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position; (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, our Directors confirm that there were no circumstances that would give rise to a disclosure requirement under Rule 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Business Strategies” in this prospectus for a detailed description of our business strategies and future plans.

REASONS FOR THE LISTING AND USE OF PROCEEDS

Our Directors believe that the Listing will strengthen our position as a provider of enterprise application software and energy management systems. Since we have been growing rapidly with continued investment in research and development, our Group requires intensive capital continually. However, as we grow and expand, we have received requests for proposals for larger and more complex projects which we expect would require more substantial amounts of capital and start-up costs including labour costs, research and development costs, and prepayment of procurement and subcontracting fees. We received a request for proposal from a statutory board in Singapore for the supply, delivery and implementation and maintenance of asset management system in September 2016. The asset management system was intended to manage the statutory board’s assets, related work processes and expenditure from the statutory board’s five operations departments. The asset management system had to include a mobile solution which would be used for electronic work flow including job card management, capturing of maintenance data and other functions. The mobile solution would be installed in mobile tablets provided by the statutory board. The proposed scope of work of the project included, among others, the setup and installation of all necessary software and the carrying out all necessary configuration of approximately 1,000 mobile tablets. Moreover, we received another request for proposal from a reputable Singapore technological university in September 2016 to supply, install, interface, program, test and commission, among others, (a) an integrated buildings management system capable of supporting and interfering with all existing and new proposed systems, and controlling and monitoring of the mechanical and electrical systems; (b) an M&E IT network infrastructure as a dedicated LAN data telecommunication that interconnects all BMS servers to the IBMS server; (c) a utilities management system as a platform where data from the respective monitoring devices are pooled together for processing before presenting the information onto the graphics user interface, and (d) M&E management system to replace the existing aging system for real time monitoring of the entire campus electrical equipment. The proposed scope of work of the project included, among others, approximately 4,000 **Starlight** meters with its central software, with a budget category of over SG\$13 million. As part of the tender proposal, we also need to demonstrate our financial category and supply category/head required for registration with any Singapore Government Registration Authority (GRA) by specifying that we have met the criteria for this tender. In joint view of these upcoming tenders and with respect to our Group’s current financial capability, our Group has a genuine need to seek additional sources of funding.

We plan to continue to enhance and expand our product offerings through our research and development efforts. As our research and development cycle may last for approximately two years, we need additional capital to fund our research and development projects for new products over such a long period of time.

As we do not have sufficient fixed assets available for security or pledge that are generally required to obtain the banking facilities necessary to finance meaningful business expansion, it is difficult for us to obtain debt financing from banks on commercially viable terms. In order to raise additional capital for continued growth and development, our Company has, throughout our operating history, undergone four rounds of equity fund raising in the form of the Pre-IPO

FUTURE PLANS AND USE OF PROCEEDS

Investments from 2006 to 2013. Our Directors consider that additional capital resources from the Listing will enable our Group to increase its profitability with less finance cost burden.

Furthermore, we aim to expand our business reach to Hong Kong the PRC and the Middle East as we foresee a huge market potential for our products in these regions. As part of our efforts to achieve this objective, we plan to acquire a suitable company in Hong Kong or the PRC with part of the proceeds from the Placing. We believe that becoming a company listed on the Stock Exchange can further our expansion plan into the Hong Kong market and the PRC market. We also plan to expand to the Middle East market by acquiring a foreign company in the UAE or Qatar by utilising a portion of the proceeds from the Placing. Although the revenue contribution from the Middle East during the Track Record was not significant as we did not put in dedicated sales and marketing resources for the Middle East market due to our limited financial resources, many of our projects delivered to the customers in the Middle East through our channel partners had comparatively higher average gross profit margins as compared with those of our products deployed in other geographical markets. We were able to compete with international players in the Middle East as we believe that the customers in the Middle East valued the fact that our products were more competitive when comparing our product prices with those of the other international competitors. In addition, in view of the large growth potential and market demand, especially for our **Simplicity** products, in the Middle East, our Directors are of the view that acquiring a company from the UAE and Qatar will help us establish our presence in such markets.

Our Directors believe that our profile as a company listed on the Stock Exchange will serve as a stepping stone in achieving our business objective of further strengthening our position as a provider of enterprise application software and energy management systems. We aim to become a market leader in Asia for our products through (i) heightening the visibility of our brand and our products; and (ii) raising confidence of potential and existing customers, suppliers and staff in our Group. We intend to leverage such visibility and confidence to (i) attract new customers; (ii) attract new talents; and (iii) strengthen our business relationships with existing customers and suppliers. A public listing status on GEM may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing.

In addition, our Directors believe that the Listing of our Company will help gain access to the capital market for future growth with opportunities to raise funds not only at Listing but also at a later stage. Assuming a Placing Price of HK\$0.81 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.71 to HK\$0.91 per Placing Share, the gross proceeds for the Placing are estimated to be approximately HK\$81.0 million, and the net proceeds from the Placing are estimated to be approximately HK\$60.3 million, after deducting underwriting fees and estimated expenses paid or payable by our Company in connection thereto.

IMPLEMENTATION PLAN

We will endeavour to achieve the milestones set out below during the period from the Latest Practicable Date to 31 May 2019. Their respective scheduled completion times are based on certain bases and assumptions as set out in the paragraph headed "Bases and Assumptions" in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risks factors set out in the section headed "Risk Factors" in this prospectus. As such, there can be no assurance that our plans will materialise in accordance with the expected time frame or that our objective will be accomplished at all.

FUTURE PLANS AND USE OF PROCEEDS

Based on our business objectives, we intend to carry out the following implementation plans:

1. For the period from the Latest Practicable Date to 31 May 2017

- | | |
|---|--|
| To acquire and set up data centre infrastructure | <ul style="list-style-type: none">• To prepare for the trial launch of myBill.sg in around mid 2017, by acquiring and setting up additional server infrastructure comprising of approximately six to eight servers, which will be located in Singapore. The additional server infrastructure will have an availability of approximately 99.5% and is expected to support the expected growth of myBill.sg for about 5 years. |
| To enhance and expand our product offerings | <ul style="list-style-type: none">• To continue research and development programs on the advanced Starlight Internet-of-Things platform, the Tesseract, as well as the utilities billing platform myBill.sg.• To launch the Tesseract on a trial basis and commence early marketing activities.• To formally launch SpaceMonster to the Singapore market with full marketing campaign. |
| To strengthen our sales and marketing efforts, and reinforce our brand and product images | <ul style="list-style-type: none">• To recruit a dedicated business development, sales and channel management team of four members to be responsible for the development of sales opportunities, expansion of network of channel partners in South East Asia, the Middle East, Hong Kong and the PRC.• We plan to engage professional parties for corporate and product branding campaigns, as well as participate in more international exhibitions and conferences. |
| To acquire potential foreign companies | <ul style="list-style-type: none">• To identify and evaluate potential target companies in Hong Kong, the PRC, Qatar and the UAE in order to expand into the targeted regions. |

2. For the period from 1 June 2017 to 30 November 2017

- | | |
|---|---|
| To enhance and expand our product offerings | <ul style="list-style-type: none">• To prepare for Tesseract's commercial launch and mass production in and around July and September 2017 respectively, including the fabrication the plastic mould for the Tesseract. |
|---|---|

FUTURE PLANS AND USE OF PROCEEDS

- To commercially launch Tesseract.
 - To continue research and development program on the utilities billing platform myBill.sg.
 - To launch myBill.sg for the Singapore full retail contestability trial period.
 - To continue to grow our dedicated business development, sales and channel management team by the recruitment of one additional member.
 - To continue with the engaged professional parties for corporate and product branding campaigns, as well as participate in more international exhibitions and conferences.
 - To start the marketing campaigns for Tesseract.
 - To identify and evaluate potential target companies in Hong Kong, the PRC, Qatar and the UAE in order to expand into the targeted regions.
- To strengthen our sales and marketing efforts, and reinforce our brand and product images
- To acquire potential foreign companies

3. For the period from 1 December 2017 to 31 May 2018

- To continue research and development program on the utilities billing platform myBill.sg.
 - To continue to grow our dedicated business development, sales and channel management team by the recruitment of one additional member.
 - To continue with the engaged professional parties for corporate and product branding campaigns, as well as participate in more international exhibitions and conferences.
 - To commence the pre-launch marketing activities for myBill.sg.
 - Execute and complete the acquisition of a target company in Hong Kong or the PRC in accordance with the requirements of the GEM Listing Rules and applicable laws and regulations.
- To enhance and expand our product offerings
- To strengthen our sales and marketing efforts, and reinforce our brand and product images
- To acquire potential foreign companies

FUTURE PLANS AND USE OF PROCEEDS

4. For the period from 1 June 2018 to 30 November 2018

- | | |
|---|--|
| To enhance and expand our product offerings | <ul style="list-style-type: none">• To continue research and development program on the utilities billing platform myBill.sg.• To formally launch myBill.sg for the Singapore full retail contestability market. |
| To strengthen our sales and marketing efforts, and reinforce our brand and product images | <ul style="list-style-type: none">• To continue to grow our dedicated business development, sales and channel management team by the recruitment of one additional member.• To continue with the engaged professional parties for corporate and product branding campaigns, as well as participate in more international exhibitions and conferences.• To commence formal launch marketing activities for myBill.sg. |
| To acquire potential foreign companies | <ul style="list-style-type: none">• Execute and complete the acquisition of a target company in Qatar or the UAE in accordance with the requirements of the GEM Listing Rules and applicable laws and regulations. |

5. For the period from 1 December 2018 to 31 May 2019

- | | |
|---|--|
| To set up a manufacturing, assembly and testing plant | <ul style="list-style-type: none">• To set up a manufacturing, assembly and testing plant with specialised equipment for our Starlight range of hardware, thus improving direct quality control, ensuring the stability of our supply chain and reducing the risks involved in engaging one single contract manufacturer. |
|---|--|

The above plan will be financed by the net proceeds from the Placing.

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- there will be no significant economic changes in respect of inflation, interest rate, tax rate and currency exchange rate in Singapore, Malaysia, India, Hong Kong and the PRC;
- we will have sufficient financial resources to meet our planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the existing laws (whether in Singapore, Malaysia, India, Hong Kong and the PRC or any part of the world), policies, or industry or regulatory treatment relating to our Group, or in the political, economic or market conditions in which we operate;
- there will be no changes in the funding requirement for each of the near term business objectives described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in the bases or rates of taxation applicable to our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage, or destruction to our properties or facilities;
- there will be no changes in the effectiveness of the licenses and permits obtained by our Group; and
- we will not be materially affected by the risk factors set out in the section headed "Risk Factors" in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

Assuming a Placing Price of HK\$0.81 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.71 to HK\$0.91 per Placing Share, the net proceeds from the Placing are estimated to be approximately HK\$60.3 million, after deducting underwriting fees and estimated expenses payable by our Company in connection thereto. Such net proceeds are intended to be used as follows:

	For the six months ending					Total S\$'000	Approximate percentage %
	From the Latest Practicable Date to 31 May 2017 S\$'000	30		31			
		November	May	November	May		
		2017	2018	2018	2019		
To acquire and set up data centre infrastructure	130	0	0	0	0	130	0.8
To enhance and expand our product offerings	1,278	861	711	0	0	2,850	16.9
To strengthen our sales and marketing efforts, and reinforce our brand and product images	1,703	1,062	1,096	0	0	3,861	22.9
To acquire foreign companies	0	0	2,000	2,000	0	4,000	23.8
To set up a manufacturing, assembly and testing plant	0	0	0	0	5,000	5,000	29.7
General working capital	400	200	200	200	0	1,000	5.9
Total	<u>3,511</u>	<u>2,123</u>	<u>4,007</u>	<u>2,200</u>	<u>5,000</u>	<u>16,841</u>	<u>100</u>

Our Directors presently intend to apply the net proceeds from the Placing in the following manner:

- approximately 0.8% or HK\$0.5 million (equivalent to approximately S\$0.1 million) of the net proceeds for acquiring and setting up data centre infrastructure;
- approximately 16.9% or HK\$10.2 million (equivalent to approximately S\$1.9 million) of the net proceeds for enhancing and expanding our product offerings;
- approximately 22.9% or HK\$13.8 million (equivalent to approximately S\$2.5 million) of the net proceeds for strengthening our sales and marketing efforts, and reinforcing our brand and product images;
- approximately 23.8% or HK\$14.3 million (equivalent to approximately S\$2.6 million) of the net proceeds for acquiring foreign companies;
- approximately 29.7% or HK\$17.9 million (equivalent to approximately S\$3.3 million) of the net proceeds for setting up a manufacturing, assembly and testing plant;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 5.9% or HK\$3.6 million (equivalent to approximately S\$0.7 million) of the net proceeds for our Group's general working capital.

To acquire foreign companies

As Singapore is a limited market and we cannot limit ourselves to our historical geographical focus for further business growth, we plan to expand internationally into Hong Kong, the PRC, and the Middle East. In fact, we had planned to expand internationally and gathered the requisite market information for the same purpose prior to the Series D Pre-IPO Investment. Such plans were however delayed because market demand for our Group's products in Singapore was high at the time; and the research and development costs required for our Group's products were higher than the Directors had previously expected. As such the Directors and our Group were driven to focus our Group's business and financial resources, in particular, its working capital, on catering to the local market in Singapore and no proceeds from the Series D Pre-IPO Investment were applied to its contemplated international expansion. Furthermore, it takes time for us to achieve a certain business scale, product offerings, experience, profitability and distribution network before we consider to enter into these markets. The Directors consider that it is the right time upon Listing with additional financial resources and exposure for our Company to enter into these markets.

Although the high-end enterprise application software market is dominated by global large software companies like SAP and Oracle, the Directors believe that our Company has an advantage in the niche market, i.e. commercial property management software, where we have accumulated experience over the years from understanding the commercial property and building owners' specific needs and can replicate the same business models in other major cities/regions.

Furthermore, according to the Frost and Sullivan Report, other than Singapore, many international cities are also packed with high-rise buildings, such as Hong Kong, Taiwan, Macau, Shanghai, Beijing and Shenzhen, and there also exist large market opportunities to exploit, given the same need of saving energy and cutting cost for building operators in these cities and relatively low penetration of BEMS currently.

Enterprise Application Software

The table below sets forth the market size by revenue of enterprise application software in the various cities/regions and the expected growth in the next five years.

	2010-2015 CAGR	2015-2020 CAGR	2020 Market Size (USD millions)
Singapore	15.2%	12.2%	1,848.6
Hong Kong	13.2%	11.3%	1,454.6
The PRC	18.9%	14.7%	11,871.3
The Middle East	8.5%	6.7%	2,562.7

FUTURE PLANS AND USE OF PROCEEDS

Building Energy Management System

The table below sets forth the market size by revenue of building energy management system in the various cities/regions and the expected growth in the next five years.

	2010-2015 CAGR	2015-2020 CAGR	2020 Market Size (USD millions)
Singapore			
Retrofit	10.2%	14.9%	14.6
New Construction	11.3%	14.8%	58.7
Hong Kong			
Retrofit	10.9%	16.1%	12.0
New Construction	13.1%	16.3%	48.0
The PRC			
Retrofit	15.6%	18.3%	690.7
New Construction	16.7%	17.0%	2,917.6
The Middle East			
Retrofit	10.7%	11.1%	104.6
New Construction	8.9%	9.4%	122.8

Please see section headed "Industry Overview" in this prospectus for details.

We plan to acquire a company in Hong Kong or the PRC and a company in Qatar or the UAE which specialise in providing enterprise application software with market focus similar to **Simplicity** or energy management solutions. Our Directors believe that the proposed acquisitions will allow our Group to expand our geographical reach in line with our sales and marketing plans, and enlarge our customer base and our pool of research and development experts.

FUTURE PLANS AND USE OF PROCEEDS

Our Company's management has successfully overseen the expansion into the Malaysian market in 2012, and has also successfully secured and delivered contracts in locales as diverse as Algeria, Saudi Arabia, UAE, Qatar, as well as PRC and Taiwan through channel partners. Thus, we are not unfamiliar with international expansion. The following table sets out the revenue contribution to our Group from projects deployed to various locations through channel partners during Track Record Period:

For the financial year ended 31 May 2015

Location	Amount S\$	Revenue Contribution %
Singapore	6,745,640	92.10%
Malaysia	340,445	4.65%
China	99,242	1.35%
Brunei	62,592	0.85%
Qatar	58,328	0.80%
Myanmar	9,142	0.12%
Taiwan	7,207	0.10%
India	2,000	0.03%
	<u>7,324,596</u>	<u>100.00%</u>

For the financial year ended 31 May 2016

Location	Amount S\$	Revenue Contribution %
Singapore	10,825,152	97.61%
Malaysia	110,767	1.00%
Brunei	60,323	0.54%
China	58,807	0.53%
Qatar	29,240	0.26%
Taiwan	4,491	0.04%
Myanmar	1,500	0.01%
	11,090,280	100.00%

FUTURE PLANS AND USE OF PROCEEDS

Historically, our Group also had project deployments to other locations such as Algeria, Saudi Arabia, and the UAE. The average historical revenue contributions from financial years 2010 to 2014 are set out in the table below:

Location	Average Historical revenue contribution (%)
Algeria	0.6%
Saudi Arabia	2.2%
UAE	4.4%

With reference to the Hong Kong market, we believe that Hong Kong is similar to Singapore in terms of geographical size, geopolitical environments, population, culture, industrial base (with commercial real estate being the dominant industry) and jurisdiction (both descended from British law). Thus, we believe Hong Kong is a natural expansion target for our Company. In fact, since our last fund-raising exercise in 2013, Hong Kong has already been a target expansion market, and with our successful Listing we are planning to use Hong Kong as a springboard to the PRC market.

To facilitate the market expansion and equip our Company with a local team and ready customer base, we intend to acquire local companies in Hong Kong and the Middle East using part of the listing use of proceeds. The proceeds allocations are estimated based on a target company size of approximately 10 staff with an annual net profit of S\$200,000 to S\$400,000, with a profit-earnings ratio of 5 for a IT service company, the estimated valuation would be between S\$1 to S\$2 million for each company.

As at the Latest Practicable Date, we had not identified any suitable target and will only commence identifying targets after the Listing. Once an acquisition target is identified, we will conduct due diligence on the target company, and upon review of the results of the due diligence exercise, we will proceed to negotiation of the terms for the proposed acquisition. We will select our acquisition targets based on various criteria, including but not limited to (i) acquisition price and related costs (including the ask price of the target companies and legal and due diligence costs); (ii) the financial results and performance of the target companies (including the amounts of cash, real property, intangible assets and other fixed assets and the amounts of debts and liabilities); (iii) the target companies' experience in the IT industry (including the target companies' track record in the industry segments which our Group is focusing on); (iv) the expertise and qualifications of the staff of the target companies (including the number of skilled staff and their qualifications and whether any retention programmes such as employees share option schemes have been or can be adopted); (v) the customer base of the target companies (including the value of existing contracts, the number of long-term customers, feedback from customers and sales pipelines) and (vi) the market conditions of the relevant local market (including the market share of the target companies and local regulatory requirements).

To expand into a new market, a company can either build the local operations organically or acquire an existing set up. It is in our Director's view that acquisitions are more cost and time-effective than organic growth given the established presence and customer network of these existing setup.

FUTURE PLANS AND USE OF PROCEEDS

To acquire and set up data centre infrastructure

Our Group currently operates server infrastructure in two separate data centres in Singapore for existing customers under the SaaS model. To prepare for the trial launch of myBill.sg, we plan to expand our server infrastructure by acquiring and setting up six to eight servers, which will be located in Singapore. The additional server infrastructure will have an expected availability of approximately 99.5% and is expected to support the expected growth of myBill.sg for about 5 years.

As our Company already operates server infrastructure in two separate data centres in Singapore for existing customers under the SaaS model, our plan to expand the server infrastructure to meet future business needs is consistent with both our business strategy and historical focus.

To set up a manufacturing, assembly and testing plant

There are a limited number of qualified contract manufacturers which have the necessary expertise and specialised equipment to manufacture the hardware components of **Starlight** in Southeast Asia. As at the Latest Practicable Date, we have subcontracted the primary production and assembly of the hardware components of **Starlight** to a single subcontractor in Malaysia. The primary objective of setting up a manufacturing, assembly and testing plant is for our Group to have higher control over the product quality and yields of our **Starlight** products because the technicalities of their hardware components must be safe, highly accurate and reliable. While the Directors acknowledge that the costs of setting up its own manufacturing, assembly and testing plant in the amount of approximately HK\$19.7 million (i.e. the proceeds of the Placing allocated for the purpose) exceeds the current subcontracting costs (e.g. the direct costs associated with the sub-contracting arrangement), the Directors believe that a higher control over the product quality and yields of its **Starlight** products would render significant qualitative and quantitative benefits to our Group in long term. In addition, setting up our own manufacturing, assembly and testing plant would ensure the stability of our supply chain and reduce the risks involved in engaging one single contract manufacturer. The plant will be equipped with infrastructure and facilities for manufacturing, assembly, testing and calibration. The plant is expected to be ready for use by 2019. We expect to allocate a team of approximately 25 members to run and operate the plant. The plant is expected to have a production capacity of 15,000 meters per month.

Our Directors believe that we have the capability and resources to run our own manufacturing plant for the following reasons:

1. We designed the production, assembly and quality control process for **Starlight** and prepared the relevant production, assembly and quality control manuals for our subcontractor in Malaysia to adopt. We already have the necessary production know-how to manufacture our products; and
2. We successfully set up a hardware product development and production process design and testing centre in India in 2014. The centre is responsible for the design, development and testing of hardware products, obtaining regulatory approvals for these products in the respective jurisdictions in which they are sold, and establishing production and quality control policies and procedures. The existing laboratory facilities in this centre can assemble and test approximately 500 meters a month.

We intend to lease a property in Malaysia for this purpose. As at the Latest Practicable Date, we had not identified any target property for the establishment of the manufacturing, assembly and testing plant.

FUTURE PLANS AND USE OF PROCEEDS

The advantages and disadvantages between owning and subcontracting the manufacturing activities have been the subject of consideration for our management. Based on our management's understanding, in the consumer electronics world, most of the manufacturing activities are outsourced. However, in specialised manufacturing such as electrical instrumentation, it is our management's understanding that many global players maintained their own plants, partly because of the lack of specialised subcontractors, and partly because the manufacturing process is more complex and requires specialised equipment and procedures. To assert higher control over the product quality and production yield of our **Starlight** products, minimise risks associated with poorly produced components, and to ensure stability of our supply chain, setting up our own manufacturing plant is consistent with our business strategy. Please refer to the section headed "Business — Business Strategies set up a manufacturing assembly and testing plant for our hardware components" on page 144 in this prospectus for further details. With reference to the setting up of our own hardware design and development centre in India, having our own plant is not inconsistent from our historical focus and business strategy.

Subject to the terms and conditions of the Underwriting Agreement, the Placing Shares are expected to be fully underwritten by the Underwriters.

To the extent that the net proceeds from the issue of the Placing Shares are not immediately required for the above purpose, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions.

If the Placing Price is finally determined at the lower end of the indicative Placing Price range, being HK\$0.71 per Placing Share, the net proceeds from the issue of new Shares will decrease by approximately HK\$9.6 million to approximately HK\$50.7 million, as compared with the above computation (which is based on the mid-point of the indicative Placing Price range). In such case, our Directors intend to reduce correspondingly the amount to be applied for working capital and other general corporate purposes. Save for such change, our Directors intend to apply the reduced net proceeds in the same proportions as set out above.

If the Placing Price is finally determined at the higher end of the indicative Placing Price range being HK\$0.91 per Placing Share, the net proceeds of the issue of new Shares will increase by approximately HK\$9.6 million to approximately HK\$69.9 million, as compared with the above computation (which is based on the mid-point of the indicative Placing Price range). Our Directors intend to apply such additional net proceeds in the same proportion as set out above.

UNDERWRITING

SOLE GLOBAL COORDINATOR

KGI Capital Asia Limited

JOINT BOOKRUNNERS

KGI Capital Asia Limited
Crosby Securities Limited

JOINT LEAD MANAGERS AND UNDERWRITERS

KGI Capital Asia Limited
Crosby Securities Limited
Head & Shoulders Securities Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

The Underwriting Agreement

In connection with the Placing, our Company has entered into the Underwriting Agreement, among other parties, with the Underwriters. Under the Underwriting Agreement, subject to the conditions set out therein, the Underwriters agreed to procure subscribers for, or failing which, to themselves subscribe as principal for, the Placing Shares being offered pursuant to the Placing. The Underwriting Agreement may be terminated for the reasons set out in this section. Potential investors should be reminded that in the event that the Underwriters exercising its termination rights as referred to below, the Placing will not proceed.

Grounds for termination

The obligations of the Underwriters under the Underwriting Agreement will be subject to termination by notice in writing from the Sole Global Coordinator (on behalf of the Underwriters) to our Company if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be on 16 December 2016):

- (i) there comes to the notice of the Underwriters of any matter or event rendering any of the representations, warranties or undertakings contained in the Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the warranties or any other obligations imposed on any party to the Underwriting Agreement (other than those undertaken by the Sole Sponsor and the Underwriters) which, in any such cases, is reasonably considered, to be material in the context of the Placing; or
- (ii) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- (iii) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have reasonably considered as material omission in the context of the Placing; or

UNDERWRITING

- (iv) any event, act or omission which gives or is reasonably likely to give rise to any material liability of our Company or any of the Controlling Shareholder(s) and the executive Directors arising out of or in connection with any representations, warranties or undertakings contained in the Underwriting Agreement; or
- (v) there comes to the notice of any of the Underwriters any breach by any party to the Underwriting Agreement (other than the Underwriters) of any provision thereof which, in the sole and absolute opinion of the Sole Sponsor (for itself and on behalf of the Underwriters), is material; or
- (vi) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Singapore, Malaysia, India, Hong Kong (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any change in, or any event or series of events or development resulting or likely to result in any change in any of the Relevant Jurisdictions, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
 - (c) any change in the conditions of the equity securities markets in Hong Kong and the United States; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions; or any adverse change or prospective material adverse change in the business or in the financial or trading position or prospects of any member of our Group (other than those disclosed in this prospectus (including any supplement and amendment thereto)); or
 - (f) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by the United States or by the European Union (as a whole) on any of the Relevant Jurisdictions; or
 - (g) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities; or
 - (h) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out (whether or not covered by insurance),

UNDERWRITING

which, in the opinion of the Sole Sponsor (for itself and on behalf of the Underwriters):

- (1) is or will be or is reasonably likely to be materially adverse to, or materially and prejudicially affect, the business, management, general affairs, financial or trading position or prospects of our Group taken as a whole; or
- (2) has or will have or is reasonably likely to have a material adverse effect on the success, marketability or pricing of the Placing as a whole or the level of the Placing Shares being demanded, applied for or accepted, the distribution of the Placing Shares; or
- (3) for any reason makes it impracticable, inadvisable or inexpedient to proceed with the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by this prospectus.

then and in any such case, the Sole Sponsor and/or the Sole Global Coordinator (for itself and on behalf of the Underwriters) shall have the sole right upon giving notice in writing to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date to rescind the Underwriting Agreement.

Undertakings to the Stock Exchange under the GEM Listing Rules by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules and except for the issue of Shares under, the Placing and upon exercise of any options which may be granted under the Share Option Scheme, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings under the Underwriting Agreement

Each of the Controlling Shareholders (excluding the participants of the Placing) has jointly and severally undertaken to each of the Sole Sponsor, our Company, the Underwriters and the Stock Exchange that:

- (i) in the period commencing on the date by reference to which disclosure of his/her/its interests in our Company is made in this prospectus and ending on the date falling twelve months (in respect of the Series B Investor) or eighteen months (in respect of the other Controlling Shareholders) from the Listing Date (the "**Relevant Period**"), he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its close associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Sole Sponsor (for itself and on behalf of the Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, and save and except for, any transfer of the Relevant Securities to (a) any of its close associates, whether directly or indirectly, provided that, such close associate(s) shall enter into an undertaking letter in the form and substance similar to the undertakings described herein for a period ending on, and including, the date which is the expiry date of the

UNDERWRITING

- Relevant Period; and (b) HKSCC Nominees Limited solely for the purpose of depositing the Relevant Securities into CCASS, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of our Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any of our Shares or securities of our Company disclosed in this prospectus to be beneficially owned by him/her/it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by him/her/it) which is directly or indirectly a beneficial owner of any of our Shares or securities of our Company as disclosed in this prospectus as mentioned above (the "**Relevant Securities**"); (b) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above;
- (ii) he/she/it shall, and shall procure that his/her/its close associates and companies controlled by and nominees or trustees holding in trust for him/her/it shall, comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it of any Shares;
 - (iii) he/she/it shall comply with all applicable restrictions under the GEM Listing Rules on the disposal by him/her/it or by the registered holder(s) of any Shares or other securities of our Company in respect of which it is shown in this prospectus to be interested therein;
 - (iv) neither he/she/it nor any of his/her/its close associates nor any companies controlled by him/her/it nor any nominee or trustee holding in trust for him/her/it has any present intention of disposing of any Shares or other securities of our Company in respect of which he/she/it is shown in this prospectus to be interested therein;
 - (v) he/she/it shall instruct the Hong Kong Share Registrar to place a "stop transfer" entry in our register of renumbers against the Relevant Securities respectively held by him/her/it unless in compliance with the undertakings described herein; and
 - (vi) he/she/it shall not, and shall procure that none of his/her/its close associates and the companies controlled by him/her/it or any nominee or trustee holding in trust for he/she/it shall/will sell, transfer or otherwise dispose of (including without limitation the creation of any option over) or create any rights in respect of any interest in any Shares or securities of our Company owned or held by him/her/it, his/her/its associates or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by him/her/it which is directly or indirectly the beneficial owner of any of our Shares or securities of our Company) immediately following the completion of the Placing within the Relevant Period.

Each of the Controlling Shareholders (excluding the participants of the Placing) has further undertaken to each of our Company, the Sole Sponsor and the Underwriters that, within the Relevant Period, he/she/it shall:

UNDERWRITING

- (i) when he/she/it pledges or charges any securities or interests in the Relevant Securities, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Our Company will inform the Sole Sponsor and the Stock Exchange as soon as it has been informed of the matters above (if any) by each of the Controlling Shareholders and disclose such matters by way of an announcement.

Undertakings under the Lock-up Agreement

Each of iGlobe, Majuven Fund 1 Ltd., OWW Investments III Limited, Mr. LEE Ching Yen Stephen and Mr. LIM Ho Kee (the “**Investors**”) has entered into a lock-up agreement on 28 November 2016 (the “**Lock-up Agreement**”) with the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), pursuant to which, in consideration for our Company, the Sole Global Coordinator and the Underwriters taking part in and proceeding with the Placing, the Investors have irrevocably, unconditionally and severally (but not jointly) undertaken to our Company and the Sole Global Coordinators (for itself and on behalf of the Underwriters):

- a. that, they shall not without the prior consent of our Company and the Sole Global Coordinator, in the period commencing the date of this prospectus and ending on the date which is twelve months from the date on which dealings in the Shares commence on the Stock Exchange (the “**Twelve-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of the Shares which we hold as at the date of the Lock-up Agreement in respect of which they are the beneficial owners; and
- b. that throughout the Twelve-month Period, when they pledge/charge any securities of our Company beneficially owned by them in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155, Laws of Hong Kong)), to immediately inform our Company and the Sole Global Coordinator in writing of such pledge/charge together with the number of securities so pledged/charged; and
- c. that throughout the Twelve-month Period, when they receive indications, whether verbal or written, from any pledgee/chargee that any of the pledged/charged securities of our Company will be disposed of, to immediately inform our Company and the Sole Sponsor of such indications.

For the foregoing purposes, each of the Investors has also agreed and consented to the entry of “stop transfer” instructions with the Hong Kong Share Registrar against the transfer of its Shares except in compliance with the foregoing restrictions. The undertakings described above are conditional upon (i) the execution of the Underwriting Agreement; and (ii) the

UNDERWRITING

provision of the undertakings referred to in “— Undertakings under the Underwriting Agreement” above by our Controlling Shareholders. These undertakings do not prevent the Investors from transferring their Shares to (i) their respective close associates provided that the relevant close associate executes an undertaking substantially similar to the Lock-up Agreement; and (ii) HKSCC Nominees solely for the purpose of depositing the Shares into CCASS.

COMMISSION AND EXPENSES

The Underwriters are expected to receive an underwriting commission of 4% of the aggregate Placing Price of all the Placing Shares in accordance with the terms of the Underwriting Agreement, under which the Underwriters may pay any sub-underwriting or placing commission in connection with the Placing. The Sole Sponsor will, in addition, receive a combined sponsorship, financial advisory and documentation fee of an amount separately agreed between our Company and the Sole Sponsor. The aggregate fees and commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Placing, are currently estimated to be approximately HK\$23.7 million in aggregate, assuming a Placing Price of HK\$0.81 per Placing Share, being the midpoint of the indicative Placing Price range, which will be payable by our Company.

SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR GROUP

The Sole Sponsor will receive a combined sponsorship, financial advisory and documentation fee. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out under the sub-section headed “Commission and Expenses” in this section.

Save as disclosed in this prospectus and as contemplated pursuant to the Underwriting Agreement, none of the Sole Sponsor and the Underwriters have any shareholding in any member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

SOLE SPONSOR'S INDEPENDENCE

Save as disclosed in this prospectus, and for the advisory and documentation fees to be paid to KGI as the Sole Sponsor of the Placing, its obligations under the compliance adviser's agreement and the Underwriting Agreement and any other interests in securities that may be subscribed for pursuant to the Placing neither the Sole Sponsor nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of our Company or any other companies in our Group (including options or rights to subscribe for such securities).

No director or employee of KGI who is involved in providing advice to our Company has or may, as a result of the Placing, have any interest in any class of securities of our Company or any other companies in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interest in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of KGI has directorship in our Company or any other companies in our Group.

KGI, being the Sole Sponsor, satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE PLACING

THE PLACING

Our Company is initially offering 100,000,000 Placing Shares for subscription by way of the Placing, representing approximately 25.05% of our Company's enlarged issued share capital at the time after completion of the Placing.

Subject to the terms and conditions of the Underwriting Agreement, the Placing Shares are expected to be fully underwritten by the Underwriters.

The Underwriters or agents nominated by it on behalf of our Company will conditionally place the Placing Shares at the Placing Price plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027% with professional, institutional and private investors anticipated to have a sizeable demand for the Placing Shares. Conditionally upon complying with the relevant rules and regulations, the Placing Shares can be placed with private investors in Hong Kong. Professional and/or institutional investors generally include dealers, brokers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

PLACING PRICE

The Placing Price will not be more than HK\$0.91 per Placing Share (and is expected to be not less than HK\$0.71 per Placing Share). Subscribers, when subscribing for our Shares, shall pay the Placing Price plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%. Assuming the Placing Price of HK\$0.91 or HK\$0.71 per Placing Share (being the highest and lowest prices of indicative Placing Price range respectively), investors shall pay HK\$2,757.51 and HK\$2,151.47 for every board lot of 3,000 Shares.

The Placing Price will be fixed by an agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date which is scheduled on or about Friday, 9 December 2016 (or such later time and/or date as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)). If our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Placing Price by the Price Determination Date or such later date as may be agreed between our Company and the Sole Global Coordinator, the Placing will not become unconditional and will lapse.

Potential investors of the Placing Shares should be aware that the Placing Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative range of the Placing Price stated in this prospectus.

If, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and with the consent of our Company consider it appropriate (for instance, if the level of interest is below of the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than 9:00 a.m. (Hong Kong time) on Thursday, 15 December 2016 cause to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.anacle.com notice of the reduction of the indicative Placing Price range.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the GEM website at www.hkexnews.hk and our Company's website at www.anacle.com at or before 9:00 a.m. (Hong Kong time) on Thursday, 15 December 2016.

STRUCTURE AND CONDITIONS OF THE PLACING

CONDITIONS OF THE PLACING

The Placing is conditional upon:

- (i) the Stock Exchange granting the listing of and permission to deal in, on GEM, our Shares to be issued as described in this prospectus;
- (ii) the agreement on the Placing Price between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) being entered into on or before the Price Determination Date; and
- (iii) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional (including if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator), and such obligations not having been terminated in accordance with the terms of the Underwriting Agreement, in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus.

If any of the above conditions are not fulfilled or (where applicable) waived by the Underwriters on or before the day which is the 30th day after the date of this prospectus, the Placing shall lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be caused to be published by our Company on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.anacle.com** on the next Business Day following such lapse.

BASIS OF ALLOCATION

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its Shareholders as a whole. In particular, Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules that not more than 50% of our Shares in public hands at the time of Listing will be owned by the three largest public shareholders. There will not be any preferential treatment in the allocation of the Placing Shares to any person.

Subject to prior written consent of the Stock Exchange, no allocations will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed. Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

OFFER SIZE ADJUSTMENT OPTION

Pursuant to the Underwriting Agreement, we have granted to the Underwriters the Offer Size Adjustment Option, which is exercisable by the Sole Global Coordinator (for itself and on behalf of the Underwriters) in its sole and absolute discretion on or before 6:00 p.m. on the business day immediately before the date of the allotment results announcement, in writing, to require our Company to allot and issue up to 15,000,000 additional Shares at the Placing

STRUCTURE AND CONDITIONS OF THE PLACING

Price, representing 15% of the total number of Shares initially available under the Placing. Any such additional Shares may be issued to cover any excess demand in the Placing at the absolute discretion of the Sole Global Coordinator.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Global Coordinator to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activity of the Shares in the secondary market after the listing of the Shares on GEM and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong). No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

We will disclose in our allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date. The allotment results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.anacle.com.

In the event that the Offer Size Adjustment Option is exercised in full, 15,000,000 additional Shares will be allotted and issued resulting in a total number of 414,158,496 Shares in issue and the shareholding of our Shareholders will be diluted by approximately 3.62%. If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received from the placing of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "Future plans and use of proceeds" of this prospectus, on a pro-rata basis.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to Stock Exchange granting the listing of, and permission to deal in, our Shares on GEM and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on 16 December 2016. Our Shares will be traded in board lot of 3,000 Shares each.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the Company's independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.



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30 November 2016
The Directors
Anacle Systems Limited

KGI Capital Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Anacle Systems Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 May 2015 and 2016 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 May 2015 and 2016, together with notes thereon, for inclusion in the prospectus of the Company dated 30 November 2016 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Growth Enterprise Market Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as a limited private company under the Companies Act, Cap.50 in Singapore on 21 February 2006. The Group is principally engaged in software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services.

As at the date of this report, the particulars of the Company's subsidiaries, both of which are private companies, are as follows:

Name of subsidiary	Place of incorporation	Date of incorporation	Place of operation	Issued and paid-up capital	Equity interest attributable to the Group		Principal activities
					At 31 May 2015	At the date of this report	
Anacle Systems Sdn. Bhd. ("Anacle Malaysia")	Malaysia	10 October 2012	Malaysia	RM100,000	100%	100%	100% Provision of asset and energy management and software and maintenance services
Anacle India Private Limited ("Anacle India")	India	26 June 2014	India	Rs100,000	100%	100%	100% Research and development, design, and supervise the manufacturing and assembly process of hardware products

The Company and Anacle Malaysia have adopted 31 May as their financial year end date while Anacle India has adopted 31 March as its financial year end date.

The statutory financial statements of the Company for the financial years ended 31 May 2015 and 2016 were prepared in accordance with Singapore Financial Reporting Standards and the provisions of the Singapore Companies Act, Cap. 50 and were audited by Acfoss Assurance and BDO LLP, the chartered accountants registered in Singapore, respectively.

The statutory financial statements of Anacle Malaysia for the financial years ended 31 May 2015 and 2016 were prepared in accordance with Malaysian Financial Reporting Standards and the requirements of Companies Act 1965 in Malaysia and were audited by Yong & Leonard and BDO Chartered Accountants, the certified public accountants registered in Malaysia, respectively.

The statutory financial statements of Anacle India for the period from 26 June 2014 (date of incorporation) to 31 March 2015 and for the year ended 31 March 2016 were prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under section 133 of the Companies Act 2013 in India, read with the Rule 7 of the Companies (Account) Rules, 2014, as amended. Such financial statements were audited by Marathe & Shingvi and MZSK & Associates, the certified public accountants registered in India, respectively.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with the basis of preparation and presentation set out in note 3 of section II below and the accounting policies set out in note 4 of section II below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements after making such adjustments as we consider appropriate.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANT

The directors of the Company are responsible for the contents of the Prospectus including the preparation and the true and fair presentation of the Financial Information in accordance with the basis of preparation and presentation set out in note 3 of section II below, the accounting policies set out in note 4 of section II below, the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information based on our examination and to report our opinion to you.

BASIS OF OPINION

For the purpose of this report, we have carried out audit procedures on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have examined the Financial Information of the Group and carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis of preparation and presentation set out in note 3 of section II below and in accordance with the accounting policies set out in note 4 of section II below, gives a true and fair view of the financial position of the Group and the Company as at 31 May 2015 and 2016 and of the financial performance and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 May	
		2015	2016
		S\$	S\$
Revenue	7	7,324,596	11,090,280
Cost of sales		<u>(4,172,527)</u>	<u>(4,383,320)</u>
Gross profit		3,152,069	6,706,960
Other revenue	8	160,846	208,248
Other gains and losses	9	(88,635)	(60,094)
Marketing and other operating expenses		(954,209)	(722,285)
Administrative expenses		(2,558,397)	(2,832,682)
Research and development costs		(34,978)	(32,783)
Finance costs	10	<u>(9,439)</u>	<u>(46,124)</u>
(Loss)/profit before income tax	11	(332,743)	3,221,240
Income tax expense	14	<u>(21,475)</u>	<u>(727,542)</u>
(Loss)/profit for the year		(354,218)	2,493,698
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>16,176</u>	<u>33,805</u>
Total comprehensive income for the year		<u><u>(338,042)</u></u>	<u><u>2,527,503</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 May	
	Notes	2015	2016
		S\$	S\$
Non-current assets			
Property, plant and equipment	17	593,217	449,475
Intangible assets	18	2,333,658	3,613,690
Deferred tax assets	30	556,038	—
		<u>3,482,913</u>	<u>4,063,165</u>
Current assets			
Trade receivables	20	1,466,103	2,230,456
Other receivables, deposits and prepayments	21	287,087	469,098
Inventories	22	538,137	379,519
Amounts due from customers	23	246,433	178,854
Bank balances and cash		<u>613,097</u>	<u>2,773,551</u>
		<u>3,150,857</u>	<u>6,031,478</u>
Current liabilities			
Trade payables	24	468,991	597,984
Other payables and accruals	25	278,968	821,003
Amounts due to customers	23	94,251	99,664
Amount due to a shareholder	35(c)	—	35,200
Provision for warranty	26	190,640	18,862
Bank borrowing	27	34,962	38,625
Deferred capital grants	28	33,049	8,280
Deferred income	29	389,966	404,449
Tax payable		<u>7,012</u>	<u>6,345</u>
		<u>1,497,839</u>	<u>2,030,412</u>
Net current assets		<u>1,653,018</u>	<u>4,001,066</u>
Total assets less current liabilities		<u>5,135,931</u>	<u>8,064,231</u>

		As at 31 May	
	Notes	2015	2016
		S\$	S\$
Non-current liabilities			
Bank borrowing	27	42,020	3,392
Deferred capital grants	28	8,278	81,043
Deferred tax liabilities	30	—	164,812
		<u>50,298</u>	<u>249,247</u>
NET ASSETS		<u>5,085,633</u>	<u>7,814,984</u>
Capital and reserves			
Share capital	31	6,965,000	6,965,000
Reserves		<u>(1,879,367)</u>	<u>849,984</u>
TOTAL EQUITY		<u>5,085,633</u>	<u>7,814,984</u>

STATEMENTS OF FINANCIAL POSITION

	Notes	2015 S\$	2016 S\$
Non-current assets			
Property, plant and equipment		544,153	373,463
Intangible assets		2,333,658	3,632,527
Investments in subsidiaries	19	2,082	2,082
Deferred tax assets		<u>556,038</u>	<u>—</u>
		<u>3,435,931</u>	<u>4,008,072</u>
Current assets			
Trade receivables		1,452,140	2,178,068
Other receivables, deposits and prepayments		239,629	418,367
Inventories		511,789	348,413
Amounts due from customers		244,772	178,854
Amounts due from subsidiaries	19	29,939	85,306
Bank balances and cash		<u>588,408</u>	<u>2,642,061</u>
		<u>3,066,677</u>	<u>5,851,069</u>
Current liabilities			
Trade payables		445,068	577,911
Other payables and accruals		268,340	800,140
Amounts due to customers		94,251	99,664
Amount due to a shareholder		—	35,200
Provision for warranty		190,640	18,862
Bank borrowing	27	34,962	38,625
Deferred capital grants	28	33,049	8,280
Deferred income		<u>389,966</u>	<u>399,565</u>
		<u>1,456,276</u>	<u>1,978,247</u>
Net current assets		<u>1,610,401</u>	<u>3,872,822</u>
Total assets less current liabilities		<u>5,046,332</u>	<u>7,880,894</u>

	Notes	2015 S\$	2016 S\$
Non-current liabilities			
Bank borrowing	27	42,020	3,392
Deferred capital grants	28	8,278	81,043
Deferred tax liabilities		—	163,103
		<u>50,298</u>	<u>247,538</u>
NET ASSETS		<u>4,996,034</u>	<u>7,633,356</u>
Capital and reserves			
Share capital	31	6,965,000	6,965,000
Reserves	32	<u>(1,968,966)</u>	<u>668,356</u>
TOTAL EQUITY		<u>4,996,034</u>	<u>7,633,356</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary share capital S\$	Preference share S\$	Share-based compensation reserve S\$	Exchange fluctuation reserve S\$	(Accumulated losses)/ retained profits S\$	Total S\$
At 1 June 2014	10,000	6,955,000	492,067	(1,521)	(2,140,808)	5,314,738
Loss for the year	—	—	—	—	(354,218)	(354,218)
Other comprehensive income	—	—	—	16,176	—	16,176
Total comprehensive income	—	—	—	16,176	(354,218)	(338,042)
Recognition of share-based payment expenses	—	—	108,937	—	—	108,937
Lapses of share options	—	—	(46,145)	—	46,145	—
At 31 May 2015	<u>10,000</u>	<u>6,955,000</u>	<u>554,859</u>	<u>14,655</u>	<u>(2,448,881)</u>	<u>5,085,633</u>
Profit for the year	—	—	—	—	2,493,698	2,493,698
Other comprehensive income	—	—	—	33,805	—	33,805
Total comprehensive income	—	—	—	33,805	2,493,698	2,527,503
Recognition of share-based payment expenses	—	—	201,848	—	—	201,848
At 31 May 2016	<u>10,000</u>	<u>6,955,000</u>	<u>756,707</u>	<u>48,460</u>	<u>44,817</u>	<u>7,814,984</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2015 S\$	2016 S\$
Cash flows from operating activities		
(Loss)/profit before income tax	(332,743)	3,221,240
Adjustments for:		
Depreciation of property, plant and equipment	205,868	271,058
Amortisation of intangible assets	228,639	301,248
Loss on disposal of property, plant and equipment	19,523	—
Interest expense	9,439	46,124
Share-based payment	108,937	201,848
Release of deferred capital grant	(33,049)	(33,047)
Write-down of inventories	41,376	4,383
Provision for doubtful debts	19,365	2,474
	<u>267,355</u>	<u>4,015,328</u>
Operating cash flows before working capital changes	267,355	4,015,328
Decrease/(increase) in trade receivables	407,638	(770,309)
Decrease/(increase) in other receivables, deposits and prepayments	181,889	(183,799)
(Increase)/decrease in inventories	(120,855)	144,072
(Increase)/decrease in amounts due from customers	(67,326)	67,508
(Decrease)/increase in trade payables	(147,330)	130,217
(Decrease)/increase in other payables and accruals	(323,115)	542,958
(Decrease)/increase in amounts due to customers	(283,320)	5,413
Increase in amount due to a shareholder	—	35,200
Decrease in provision for warranty	(159,360)	(171,778)
Increase in deferred income	30,684	14,753
Effect of foreign exchange rate changes	12,439	44,295
	<u>(201,301)</u>	<u>3,873,858</u>
Net cash (used in)/generated from operations	(201,301)	3,873,858
Income tax paid	(1,038)	(7,110)
	<u>(202,339)</u>	<u>3,866,748</u>
Net cash (used in)/generated from operating activities	<u>(202,339)</u>	<u>3,866,748</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(284,384)	(131,184)
Payment for the cost incurred of intangible assets	(2,012,776)	(1,581,280)
Proceeds on government grant for research and development	—	81,043
	<u>(2,297,160)</u>	<u>(1,631,421)</u>
Net cash used in investing activities	<u>(2,297,160)</u>	<u>(1,631,421)</u>

	2015 S\$	2016 S\$
Cash flows from financing activities		
Repayment of bank borrowing	(31,649)	(34,965)
Proceeds of loans from shareholders	—	1,000,000
Loan repayments to shareholders	—	(1,000,000)
Interest paid	<u>(9,439)</u>	<u>(46,124)</u>
Net cash used in financing activities	<u>(41,088)</u>	<u>(81,089)</u>
Net (decrease)/increase in cash and cash equivalents	(2,540,587)	2,154,238
Cash and cash equivalents at beginning of year	3,149,481	613,097
Effect of foreign exchange rate changes	<u>4,203</u>	<u>6,216</u>
Cash and cash equivalents at end of year	<u><u>613,097</u></u>	<u><u>2,773,551</u></u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u><u>613,097</u></u>	<u><u>2,773,551</u></u>

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a "public company limited by shares" under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company's registered office and principal place of business is 1 Fusionopolis View, #08-02 Sandcrawler, Singapore 138577.

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.

2. NEW/REVISED IFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

All IFRSs effective for the accounting period commencing from 1 June 2015, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The following new/revise IFRSs, potentially relevant to the Group, have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the Financial Information.

Amendments to IAS 1	Disclosure Initiative ¹
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to IAS 27	Equity Method in Separate Financial Statements ¹
Annual improvements 2014	Annual Improvement for 2012–2014 cycle ¹
Amendments to IAS 7	Statement of Cash Flows ²
Amendments to IAS 12	Income Taxes ²
IFRS 9	Financial Instruments ³
IFRS 14	Regulatory Deferral Accounts ¹
IFRS 15 and amendments to IFRS 15	Revenue from Contracts with Customers ³
IFRS 16	Leases ⁴

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for annual periods beginning on or after 1 January 2019

IFRS 9 – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors of the Company anticipate that the application of IFRS 15 may impact on the Group's reported financial performance, financial position and disclosures due to the application of the new revenue recognition framework. The directors of the Company are in the process of assessing the quantitative effect of these requirements, and accordingly it is not practicable to provide a reasonable estimate of the quantitative effect of IFRS 15 until the assessment has been completed.

IFRS 16 – Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of IAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

Application of IFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed below.

As set out in Note 34, as at 31 May 2016, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises amounted to S\$823,995. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expenses on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Company's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events such as a change in the lease term and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Company's consolidated statement of cash flows.

Except as described above, the directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the Financial Information.

3. BASIS OF PREPARATION AND PRESENTATION

The Financial Information has been prepared in accordance with the accounting policies set out below, which comply with IFRSs issued by the IASB. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

At the date of this report, IASB has issued certain new/revised IFRSs that have been issued but are not yet effective and have not been adopted early by the Group. Details of which are set out in note 2 of section II.

The Financial Information have been prepared under the historical cost basis.

The function currency of the Company is Singapore Dollar ("S\$"), while the functional currencies of its subsidiaries, Anacle Malaysia and Anacle India, are Malaysian Ringgit ("RM") and Indian Rupee ("Rs"), respectively. The Financial Information is presented in S\$.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately different from those estimates. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5 of section II.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

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

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

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

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

(b) Subsidiaries

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

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

(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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. 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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Leasing

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

The Group as lessor

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

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(e) Intangible assets (other than goodwill)**(i) *Acquired intangible assets***

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

(ii) *Internally generated intangible assets (research and development costs)*

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

(f) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial

recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(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 fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables 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) **Preference shares**

Preference shares may be issued with various rights. In determining whether a preference share is a financial liability or an equity instrument, the Group assesses the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability. For example, a preference share that provides for redemption on a specific date or at the option of the holder contains a financial liability because the issuer has an obligation to transfer financial assets to the holder of the share. The potential inability of an issuer to satisfy an obligation to redeem a preference share when contractually required to do so, whether because of a lack of funds, a statutory restriction or insufficient profits or reserves, does not negate the obligation. An option of the issuer to redeem the shares for cash does not satisfy the definition of a financial liability because the issuer does not have a present obligation to transfer financial assets to the shareholders. In this case, redemption of the shares is solely at the discretion of the issuer. An obligation may arise, however, when the issuer of the shares exercises its option, usually by formally notifying the shareholders of an intention to redeem the shares.

When preference shares are non-redeemable, the appropriate classification is determined by the other rights that attach to them. Classification is based on an assessment of the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. When distributions to holders of the preference shares, whether cumulative or non-cumulative, are at the discretion of the issuer, the shares are equity instruments.

(v) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) **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 IAS 39.

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

(g) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

(h) 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.

(i) Revenue recognition

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Revenue from rendering of services including maintenance is recognised when services are performed in accordance with the substance of the relevant agreement.

Revenue from construction contracts is recognised in accordance with 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. Foreseeable losses from contracts are fully provided for when they are identified.

License income arises from sales of rights to use the software. Revenue from license income is recognised when the license has been provided to customer.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(j) 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, associates 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.

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.

(k) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (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 foreign exchange 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.

(l) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plan

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

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme.

(m) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options

granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

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

(n) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Intangible assets; and
- Investments in subsidiaries.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(o) Government grants

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

(p) 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.

(q) 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.

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.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these Financial Information, 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) *Useful lives and impairment of intangible assets*

The useful lives of intangible assets are estimated based on historical experience, which include actual useful lives of similar assets and changes on technology. The Group reviews the estimated useful lives of intangible assets at the end of each reporting period. Management is satisfied that there is no change in the estimated useful lives of the intangible assets from prior periods.

At the end of the reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. The management is satisfied that no impairment loss is required to recognise during the period.

(ii) *Recognition of revenue from contracts*

The Group uses the percentage of completion method in accounting for its fixed-price contracts to deliver software implementation services. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

(iii) *Impairment of loans and receivables*

Management reviews the loans and receivables for the objective evidence of impairment at least on a yearly basis. Significant financial difficulties of the debtor, the probabilities that the debtor will enter into bankruptcy, and default or significant delay in payments are considered as objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has

been significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgment as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions are reviewed regularly to reduce any differences between the estimated loss and the actual loss experience.

(iv) **Development cost**

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 4(e) to the Financial Information. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

(v) **Employee share options**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

(vi) **Provision for warranty**

The Company has recognised a provision for warranty obligations associated with the **Starlight** meters sold. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to replace the **Starlight** meters.

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 decision.

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

- **Simplicity** – a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management and customer relationship management;
- **Starlight** – 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

- **SpaceMonster** – an online venue booking platform.

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		SpaceMonster		Total	
	2015	2016	2015	2016	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Revenue from external customers	<u>5,621,227</u>	<u>8,660,605</u>	<u>1,703,369</u>	<u>2,429,395</u>	<u>—</u>	<u>280</u>	<u>7,324,596</u>	<u>11,090,280</u>
Gross profit/(loss)	<u>2,962,552</u>	<u>6,454,513</u>	<u>189,947</u>	<u>266,628</u>	<u>(430)</u>	<u>(14,181)</u>	<u>3,152,069</u>	<u>6,706,960</u>
Reportable segment profit/(loss)	<u>2,566,802</u>	<u>6,156,253</u>	<u>(231,951)</u>	<u>31,827</u>	<u>(116,581)</u>	<u>(16,442)</u>	<u>2,218,270</u>	<u>6,171,638</u>
Depreciation and amortisation	105,171	105,171	139,621	227,869	—	12,863	244,792	345,903
Write-down of inventories	—	—	41,376	4,383	—	—	41,376	4,383
Provision for doubtful debts	—	—	19,365	2,474	—	—	19,365	2,474
Reportable segment assets	2,650,157	4,521,821	2,101,142	2,068,735	64,310	108,408	4,815,609	6,698,964
Additions to non-current assets	1,351,118	1,039,038	622,543	588,355	64,310	56,703	2,037,971	1,684,096
Reportable segment liabilities	<u>440,027</u>	<u>467,741</u>	<u>813,775</u>	<u>832,094</u>	<u>1,800</u>	<u>591</u>	<u>1,255,602</u>	<u>1,300,426</u>

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

	2015	2016
	S\$	S\$
(Loss)/profit before income tax		
Reportable segment profit	2,218,270	6,171,638
Other revenue	127,798	175,200
Other gains and losses	(47,259)	(55,711)
Finance costs	(9,439)	(46,124)
Unallocated expenses:		
— Staff costs	(1,224,447)	(944,194)
— Share-based payments	(108,937)	(201,848)
— Rental expenses	(680,555)	(715,789)
— Legal and professional fee	(40,332)	(609,477)
— Others	(567,842)	(552,455)
	<u>(332,743)</u>	<u>3,221,240</u>
	2015	2016
	S\$	S\$
Assets		
Reportable segment assets	4,815,609	6,698,964
Bank balances and cash	613,097	2,773,551
Property, plant and equipment	467,477	267,826
Unallocated corporate assets	<u>737,587</u>	<u>354,302</u>
Consolidated total assets	<u>6,633,770</u>	<u>10,094,643</u>
	2015	2016
	S\$	S\$
Liabilities		
Reportable segment liabilities	1,255,602	1,300,426
Bank borrowing	76,982	42,017
Other payables and accruals	208,541	730,859
Unallocated corporate liabilities	<u>7,012</u>	<u>206,357</u>
Consolidated total liabilities	<u>1,548,137</u>	<u>2,279,659</u>

(c) Geographical information

The Group operates in three principal geographical areas – Singapore, Malaysia and other Asia countries.

The following table provides an analysis of the Group's revenue from external customers:

Revenue from external customers	2015 S\$	2016 S\$
Singapore	6,919,153	10,787,958
Malaysia	274,358	236,007
Others	131,085	66,315
	<u>7,324,596</u>	<u>11,090,280</u>

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"):

Specified non-current assets	2015 S\$	2016 S\$
Singapore	2,877,811	3,987,153
Malaysia	18,794	11,074
India	30,270	64,938
	<u>2,926,875</u>	<u>4,063,165</u>

(d) Information about major customers

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

	2015 S\$	2016 S\$
Customer A	1,865,653	5,278,328
Customer B	819,631	725,700
	<u>2,685,284</u>	<u>6,004,028</u>

7. REVENUE

Revenue recognised as turnover of the Group during the Relevant Periods is as follows:

	2015 S\$	2016 S\$
Project income	5,419,370	9,107,114
Services income	1,905,226	1,971,331
Rental income	<u>—</u>	<u>11,835</u>
	<u>7,324,596</u>	<u>11,090,280</u>

8. OTHER REVENUE

	2015 S\$	2016 S\$
Government grants	155,880	204,203
Others	<u>4,966</u>	<u>4,045</u>
	<u>160,846</u>	<u>208,248</u>

9. OTHER GAINS AND LOSSES

	2015 S\$	2016 S\$
Net exchange loss	27,736	55,711
Write-down of inventories	41,376	4,383
Loss on disposal of property, plant and equipment	<u>19,523</u>	<u>—</u>
	<u>88,635</u>	<u>60,094</u>

10. FINANCE COSTS

	2015 S\$	2016 S\$
Interest on bank borrowing wholly repayable within 5 years	9,439	6,124
Interests on loans from shareholders	<u>—</u>	<u>40,000</u>
	<u>9,439</u>	<u>46,124</u>

11. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2015	2016
	S\$	S\$
Staff costs (including directors' emoluments (note 12))		
Salaries and allowances	7,097,968	4,466,012
Contributions on defined contribution retirement plans	495,747	404,236
Share-based payments	<u>108,937</u>	<u>201,848</u>
	7,702,652	5,072,096
Less: capitalisation as intangible assets	<u>(1,816,515)</u>	<u>(1,369,899)</u>
	<u>5,886,137</u>	<u>3,702,197</u>
Auditor's remuneration (note)	14,000	28,463
Depreciation of property, plant and equipment	205,868	271,058
Amortisation of intangible assets	228,639	301,248
Provision for doubtful debts	19,365	2,474
Write-down of inventories	41,376	4,383
Listing expenses	<u>—</u>	<u>555,977</u>

Note: Auditors' remuneration was related to the fees for statutory audit services paid to the auditors of respective group companies.

12. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

2015	Directors' fees S\$	Basic remuneration, allowances and benefits in kind S\$	Contribution on defined contribution retirement plans S\$	Total S\$
Executive Directors				
Mr. Lau E Choon Alex	—	133,500	9,850	143,350
Mr. Ong Swee Heng	—	164,401	11,960	176,361
Non-executive Directors				
Mr. Chia Tek Yew (note 3)	—	—	—	—
Mr. Lim Ho Kee	—	—	—	—
Mr. Michel Birnbaum (note 1)	—	—	—	—
Mr. Quek Soo Boon	—	—	—	—
Prof. Wong Poh Kam	—	—	—	—
Mr. Chew Robert (note 2)	10,000	—	—	10,000
Mr. Lee Suan Hiang	—	—	—	—
	<u>10,000</u>	<u>297,901</u>	<u>21,810</u>	<u>329,711</u>

2016	Directors' fees S\$	Basic remuneration, allowances and benefits in kind S\$	Contribution on defined contribution retirement plans S\$	Total S\$
Executive Directors				
Mr. Lau E Choon Alex	—	159,066	11,050	170,116
Mr. Ong Swee Heng	—	162,411	11,050	173,461
Non-executive Directors				
Mr. Chia Tek Yew (note 3)	—	—	—	—
Mr. Lim Ho Kee (note 5)	—	—	—	—
Mr. Quek Soo Boon (note 6)	—	—	—	—
Mr. Rohit Singh (note 4)	—	—	—	—
Prof. Wong Poh Kam	—	—	—	—
Mr. Chew Robert	—	—	—	—
Mr. Lee Suan Hiang	—	—	—	—
	—	<u>321,477</u>	<u>22,100</u>	<u>343,577</u>

Note 1: Mr. Michel Birnbaum resigned as a non-executive director of the Company with effect from 31 July 2014.

Note 2: Mr. Chew Robert was appointed as a non-executive director of the Company with effect from 31 July 2014.

Note 3: Mr. Chia Tek Yew was appointed and resigned as an alternate director to Lim Ho Kee with effect from 2 January 2015 and 7 July 2015, respectively.

Note 4: Mr. Rohit Singh was appointed and resigned as an alternate director to Lim Ho Kee with effect from 7 July 2015 and 25 May 2016, respectively. He was appointed and resigned as a non-executive director of the Company with effect from 25 May 2016 and 22 November 2016, respectively.

Note 5: Mr. Lim Ho Kee resigned as a non-executive director of the Company with effect from 25 May 2016.

Note 6: Mr. Quek Soo Boon resigned as a non-executive director of the Company with effect from 22 November 2016.

During the Relevant Periods, 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. In addition, none of the directors waived or agreed to waive any emoluments during the Relevant Periods.

13. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two were directors of the Company whose emoluments are included in the disclosure in note 12 above. The emoluments of the remaining three individuals are as follows:

	2015 S\$	2016 S\$
Salaries, allowances and benefits in kind	287,269	320,400
Share-based payments	116,883	96,079
Contributions on defined contribution retirement plans	<u>29,953</u>	<u>33,150</u>
	<u>434,105</u>	<u>449,629</u>

Their emoluments were within the following bands:

	2015 <i>No. of individuals</i>	2016 <i>No. of individuals</i>
Nil to HK\$1,000,000 (equivalent to Nil to S\$179,179)	3	2
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$179,180 to S\$268,769)	<u>—</u>	<u>1</u>

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

	2015 <i>No. of individuals</i>	2016 <i>No. of individuals</i>
Nil to HK\$1,000,000 (equivalent to Nil to S\$179,179)	4	3
HK\$1,000,001 to HK\$1,500,000 (equivalent to S\$179,180 to S\$268,769)	<u>—</u>	<u>1</u>

14. INCOME TAX EXPENSE

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

	2015	2016
	S\$	S\$
Current tax – overseas	6,888	6,619
Deferred tax (note 30)	<u>14,587</u>	<u>720,923</u>
	<u>21,475</u>	<u>727,542</u>

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, Anacle Malaysia and Anacle India are calculated at 17%, 24% and 30.9% respectively for the financial year ended 31 May 2015 and 17%, 25% and 30.9% respectively for the financial year ended 31 May 2016, on the chargeable income.

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

	2015	2016
	S\$	S\$
(Loss)/profit before income tax	<u>(332,743)</u>	<u>3,221,240</u>
Tax (credit)/charge calculated at Singapore income tax rate of 17%	(56,566)	547,611
Effect of different tax rates of the subsidiaries operating in other jurisdictions	(18,511)	(6,232)
Tax effect of revenue not taxable for tax purposes	(12,681)	(5,619)
Tax effect of expenses not deductible for tax purposes	51,183	168,628
Tax effect of temporary differences not recognised	852	(880)
Tax effect of tax loss not recognised	<u>57,198</u>	<u>24,034</u>
Income tax expense	<u>21,475</u>	<u>727,542</u>

15. DIVIDEND

No dividend has been paid or declared by the Company during the Relevant Periods.

16. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

17. PROPERTY, PLANT AND EQUIPMENT

	Computers S\$	Furniture and fixtures S\$	Plant and equipment S\$	Leasehold improvements S\$	Total S\$
Cost					
At 1 June 2014	40,579	171,101	132,263	232,082	576,025
Additions	60,738	14,202	25,194	184,250	284,384
Disposals	—	(38)	—	(35,970)	(36,008)
Exchange alignment	<u>(37)</u>	<u>(358)</u>	<u>453</u>	<u>(1,286)</u>	<u>(1,228)</u>
At 31 May 2015	101,280	184,907	157,910	379,076	823,173
Additions	28,304	64	102,816	—	131,184
Exchange alignment	<u>(587)</u>	<u>(616)</u>	<u>(2,462)</u>	<u>(1,612)</u>	<u>(5,277)</u>
At 31 May 2016	<u>128,997</u>	<u>184,355</u>	<u>258,264</u>	<u>377,464</u>	<u>949,080</u>
Accumulated depreciation					
At 1 June 2014	12,790	401	16,004	11,811	41,006
Charge for the year	28,222	51,212	16,153	110,281	205,868
Written back on disposal	—	(13)	—	(16,472)	(16,485)
Exchange alignment	<u>(15)</u>	<u>(100)</u>	<u>13</u>	<u>(331)</u>	<u>(433)</u>
At 31 May 2015	40,997	51,500	32,170	105,289	229,956
Charge for the year	40,846	60,839	44,655	124,718	271,058
Exchange alignment	<u>(266)</u>	<u>(267)</u>	<u>(210)</u>	<u>(666)</u>	<u>(1,409)</u>
At 31 May 2016	<u>81,577</u>	<u>112,072</u>	<u>76,615</u>	<u>229,341</u>	<u>499,605</u>
Net carrying value					
At 31 May 2015	<u>60,283</u>	<u>133,407</u>	<u>125,740</u>	<u>273,787</u>	<u>593,217</u>
At 31 May 2016	<u>47,420</u>	<u>72,283</u>	<u>181,649</u>	<u>148,123</u>	<u>449,475</u>

18. INTANGIBLE ASSETS

	Simplicity S\$ (note (a))	Starlight S\$ (note (b))	SpaceMonster S\$ (note (c))	myBill.sg Portal S\$ (note (d))	Total S\$
Cost					
At 1 June 2014	525,853	617,367	—	—	1,143,220
Additions	<u>1,351,118</u>	<u>597,348</u>	<u>64,310</u>	<u>—</u>	<u>2,012,776</u>
At 31 May 2015	1,876,971	1,214,715	64,310	—	3,155,996
Additions	<u>1,039,038</u>	<u>485,539</u>	<u>—</u>	<u>56,703</u>	<u>1,581,280</u>
At 31 May 2016	<u>2,916,009</u>	<u>1,700,254</u>	<u>64,310</u>	<u>56,703</u>	<u>4,737,276</u>
Accumulated amortisation					
At 1 June 2014	254,162	339,537	—	—	593,699
Charge for the year	<u>105,171</u>	<u>123,468</u>	<u>—</u>	<u>—</u>	<u>228,639</u>
At 31 May 2015	359,333	463,005	—	—	822,338
Charge for the year	<u>105,171</u>	<u>183,214</u>	<u>12,863</u>	<u>—</u>	<u>301,248</u>
At 31 May 2016	<u>464,504</u>	<u>646,219</u>	<u>12,863</u>	<u>—</u>	<u>1,123,586</u>
Net carrying value					
At 31 May 2015	<u>1,517,638</u>	<u>751,710</u>	<u>64,310</u>	<u>—</u>	<u>2,333,658</u>
At 31 May 2016	<u>2,451,505</u>	<u>1,054,035</u>	<u>51,447</u>	<u>56,703</u>	<u>3,613,690</u>

Notes:

(a) A package of enterprise application software solutions developed internally by the Company, with estimated useful life of five years is tested for impairment and there is no indication that it needs to be impaired.

(b) In 2011, a one-stop cloud-based energy management solutions developed internally by the Company, with estimated useful life of five years is tested for impairment and there is no indication that it needs to be impaired.

In 2015, a new version of energy management solutions developed internally by the Company, with estimated useful life of ten years is tested for impairment and there is no indication that it needs to be impaired.

During the financial year ended 31 May 2016, a new version of meter is under the progress of development by the Company and its development costs incurred have been capitalised as intangible assets.

(c) An online venue booking platform developed internally by the Company, with estimated useful life of five years is tested for impairment and there is no indication that it needs to be impaired.

(d) An online energy billing management platform is under the progress of development by the Company which the development costs incurred have been capitalised as intangible assets.

19. INTERESTS IN SUBSIDIARIES**The Company**

	As at 31 May	
	2015	2016
	\$	\$
Unlisted shares, at cost net of impairment loss	2,082	2,082
Amount due from subsidiaries net of impairment loss	<u>29,939</u>	<u>85,306</u>
	<u>32,021</u>	<u>87,388</u>

The movements of provision for impairment loss on interests in subsidiaries during the Relevant Periods are disclosed as follows:

	As at 31 May	
	2015	2016
	\$	\$
At beginning of year	—	402,460
Provision for the year	<u>402,460</u>	<u>333,948</u>
At end of year	<u>402,460</u>	<u>736,408</u>

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

20. TRADE RECEIVABLES

	2015	2016
	S\$	S\$
Trade receivables	1,484,553	2,230,456
Less: provision for doubtful debts	<u>(18,450)</u>	<u>—</u>
	<u>1,466,103</u>	<u>2,230,456</u>

During the Relevant Periods, the credit period of the Group's trade receivables ranges from 30 days to 60 days.

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

	2015 S\$	2016 S\$
Within 1 month	891,560	1,381,643
2 to 3 months	449,947	743,802
4 to 6 months	103,081	96,768
7 to 12 months	<u>21,515</u>	<u>8,243</u>
	<u>1,466,103</u>	<u>2,230,456</u>

The ageing analysis of trade receivables (net of impairment losses) at end of the Relevant Periods that are not individually nor collectively considered to be impaired is as follows:

	2015 S\$	2016 S\$
Not past due	910,231	1,468,664
Less than 1 month past due	354,807	415,132
1 to 3 months past due	152,323	317,879
Over 3 months but less than 12 months past due	<u>48,742</u>	<u>28,781</u>
	<u>1,466,103</u>	<u>2,230,456</u>

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

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

The movement in provision for doubtful debts during the Relevant Periods are as follows:

	2015 S\$	2016 S\$
At beginning of year	—	18,450
Provision for the year	19,365	2,474
Bad debts written off	—	(20,144)
Exchange alignment	<u>(915)</u>	<u>(780)</u>
At end of year	<u>18,450</u>	<u>—</u>

At the end of the Relevant Periods, the Group's trade receivables are individually determined for impairment testing. Included in the provision for impairment of receivables are individually impaired trade receivables with a balance of S\$19,365 and S\$2,474 as at 31 May 2015 and 2016, respectively. The impairment losses recognised on trade receivables are expensed immediately for the amount by which the trade receivables' carrying amounts exceeds their recoverable amounts.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 S\$	2016 S\$
Deposits	220,530	230,136
Prepayments	61,441	238,962
Other receivables	5,116	—
	<u>287,087</u>	<u>469,098</u>

22. INVENTORIES

	2015 S\$	2016 S\$
Raw materials	251,972	161,244
Work in progress	20,597	—
Finished goods	265,568	218,275
	<u>538,137</u>	<u>379,519</u>

23. AMOUNTS DUE FROM/(TO) CUSTOMERS

The following table sets out the details of the amounts due from/(to) customers as at the end of the Relevant Periods:

	2015 S\$	2016 S\$
Contracts in progress at the end of reporting period:		
Costs incurred to date plus recognised profits	1,208,678	1,717,324
Less: progress billings	(1,056,496)	(1,638,134)
	<u>152,182</u>	<u>79,190</u>
Represented by:		
Due from customers	246,433	178,854
Due to customers	(94,251)	(99,664)
	<u>152,182</u>	<u>79,190</u>

24. TRADE PAYABLES

	2015 S\$	2016 S\$
Trade payables	<u>468,991</u>	<u>597,984</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 Relevant Periods is as follows:

	2015 S\$	2016 S\$
Within 1 month	302,966	338,246
2 to 3 months	131,073	201,173
4 to 6 months	26,573	39,219
7 to 12 months	2,196	10,267
Over 12 months	<u>6,183</u>	<u>9,079</u>
	<u>468,991</u>	<u>597,984</u>

25. OTHER PAYABLES AND ACCRUALS

	2015 S\$	2016 S\$
Other payables	108,474	362,888
Accruals	62,994	274,878
Goods and Services Tax payables (<i>note</i>)	<u>107,500</u>	<u>183,237</u>
	<u>278,968</u>	<u>821,003</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.

26. PROVISION FOR WARRANTY

	2015 S\$	2016 S\$
At beginning of year	350,000	190,640
Utilised during the year	<u>(159,360)</u>	<u>(171,778)</u>
At end of year	<u>190,640</u>	<u>18,862</u>

The provision for warranty mainly represents the amount recognised for the expected replacement of inventories which have been found to be defective in a project completed in 2014. Apart from the provision of this project, the management also assesses the possibility of further warranty claim based on the Group's recent claim experience and considers the provision for warranty as at 31 May 2016 is adequate.

27. BANK BORROWING

The Group and the Company

	2015	2016
	S\$	S\$
Interest-bearing and secured	<u>76,982</u>	<u>42,017</u>

At the end of Relevant Periods, the Group and the Company has one bank loan. The loan of S\$135,000 was raised on 21 June 2013 and is interest bearing at 2% per annum over the United Overseas Bank's Business Board Rate prevailing from time to time. The loan shall be repaid over 48 monthly instalments and commenced one month from 21 June 2013. It was guaranteed by Mr. Lau E Choon Alex and Mr. Ong Swee Heng, the directors of the Company.

At the end of Relevant Periods, total current and non-current bank loan were scheduled to repay as follows:

	2015	2016
	S\$	S\$
Within 1 year	34,962	38,625
More than 1 year, but not exceeding 2 years	38,628	3,392
More than 2 years, but not exceeding 5 years	<u>3,392</u>	<u>—</u>
	<u>76,982</u>	<u>42,017</u>

28. DEFERRED CAPITAL GRANTS

The Group and the Company	S\$	
Cost		
At 1 June 2014 and 31 May 2015		165,257
Addition		<u>81,043</u>
At 31 May 2016		<u>246,300</u>
Amortisation		
At 1 June 2014		90,881
Charge for the year		<u>33,049</u>
At 31 May 2015		123,930
Charge for the year		<u>33,047</u>
At 31 May 2016		<u>156,977</u>
Net carrying amount		
At 31 May 2015		<u>41,327</u>
At 31 May 2016		<u>89,323</u>
	2015	2016
	S\$	S\$
Represented by:		
Current portion	33,049	8,280
Non-current portion	<u>8,278</u>	<u>81,043</u>
	<u>41,327</u>	<u>89,323</u>

Deferred capital grants relate to government grants for the research and development expenditure incurred by the Company for **Starlight** projects. There are no unfulfilled conditions or contingencies attached to the grants. The grant is amortised over the useful lives of corresponding intangible assets.

29. DEFERRED INCOME

Deferred income represents advanced payments from customers in respect of the service to be performed.

30. DEFERRED TAXATION

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

	Provision for warranty S\$	Accelerated tax depreciation and amortisation S\$	Tax losses S\$	Others S\$	Total S\$
At 1 June 2014	59,500	(85,942)	597,067	—	570,625
(Charge)/credit to profit or loss for the year	<u>(27,091)</u>	<u>(285,625)</u>	<u>298,129</u>	<u>—</u>	<u>(14,587)</u>
At 31 May 2015	32,409	(371,567)	895,196	—	556,038
(Charge)/credit to profit or loss for the year	<u>(29,202)</u>	<u>(197,507)</u>	<u>(495,804)</u>	<u>1,590</u>	<u>(720,923)</u>
Exchange alignment	<u>—</u>	<u>139</u>	<u>—</u>	<u>(66)</u>	<u>73</u>
At 31 May 2016	<u>3,207</u>	<u>(568,935)</u>	<u>399,392</u>	<u>1,524</u>	<u>(164,812)</u>

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

	2015 S\$	2016 S\$
Deferred tax assets	556,038	—
Deferred tax liabilities	<u>—</u>	<u>(164,812)</u>
	<u>556,038</u>	<u>(164,812)</u>

At the end of Relevant Periods, the Group has unutilised tax losses of approximately S\$2,651,226 (2015: S\$5,493,893) that are available for offset against future taxable profits of the Company subject to agreement of the relevant authorities.

31. SHARE CAPITAL

	2015 Number	2015 S\$	2016 Number	2016 S\$
Issued and fully paid				
Ordinary shares	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>
Series A Preference Shares	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Series B Preference Shares	<u>434,782</u>	<u>499,999</u>	<u>434,782</u>	<u>499,999</u>
Series C Preference Shares	<u>722,823</u>	<u>1,125,002</u>	<u>722,823</u>	<u>1,125,002</u>
Series D Preference Shares	<u>824,117</u>	<u>5,029,999</u>	<u>824,117</u>	<u>5,029,999</u>
Total issued share capital		<u>6,965,000</u>		<u>6,965,000</u>

Series A Preference Shares ("Series A PS")

Each Series A PS, plus any accumulated but unpaid dividends, shall be convertible at the sole discretion of the holder of such Series A PS, into 1 ordinary share at conversion price of S\$1. In the event of liquidation, dissolution or winding up of the Company, the holders of Series A PS shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of the ordinary shares. Non-cumulative dividend on the Series A PS is paid when and if declared by the directors, at the rate of S\$0.06 per share per annum. Series A PS entitles the holders to vote on any matter in a general meeting of the Company together with holders of all other classes of shares.

Series B Preference Shares ("Series B PS")

Each Series B PS, plus any accumulated but unpaid dividends, shall be convertible at the sole discretion of the holder of such Series B PS, into 1 ordinary share at conversion price of S\$1.15. In the event of liquidation, dissolution or winding up of the Company, the holders of Series B PS shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of Series A PS and the ordinary shares. Non-cumulative dividend on the Series B PS is paid when and if declared by the directors. Series B PS entitles the holders to have full voting rights and powers equal to that of the holders of ordinary shares.

Series C Preference Shares ("Series C PS")

Each Series C PS, plus any accumulated but unpaid dividends, shall be convertible at the sole discretion of the holder of such Series C PS, into 1 ordinary share at conversion price of S\$1.15564. In the event of liquidation, dissolution or winding up of the Company, the holders of Series C PS shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series A PS, Series B PS and the ordinary shares. Cumulative dividend on the Series C PS is paid when and if declared by the

directors, at the rate of 8% per annum. Series C PS entitles the holders to have full voting rights and powers equal to that of the holders of ordinary shares.

Series D Preference Shares ("Series D PS")

Each Series D PS, plus any accumulated but unpaid dividends, shall be convertible at the sole discretion of the holder of such Series D PS, into 1 ordinary share at conversion price of S\$6.1035. In the event of liquidation, dissolution or winding up of the Company, the holders of Series D PS shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series A PS, Series B PS, Series C PS and the ordinary shares. Cumulative dividend on the Series D PS is paid when and if declared by the directors, at the rate of 8% per annum. Series D PS entitles the holders to have full voting rights and powers equal to that of the holders of ordinary shares.

Since all the above preference shares are non-redeemable and the distributions of dividends, whether cumulative or non-cumulative, are at the discretion of the Company, in accordance with IAS 32, the preference shares were classified as equity instruments.

32. RESERVES

Movement of the reserves of the Company

	Ordinary share capital S\$	Preference share S\$	Share-based compensation reserve S\$	(Accumulated losses)/ retained profits S\$	Total S\$
At 1 June 2014	10,000	6,955,000	492,067	(2,081,746)	5,375,321
Loss for the year	—	—	—	(488,224)	(488,224)
Recognition of share-based payment expenses	—	—	108,937	—	108,937
Lapses of share options	—	—	(46,145)	46,145	—
At 31 May 2015	10,000	6,955,000	554,859	(2,523,825)	4,996,034
Profit for the year	—	—	—	2,435,474	2,435,474
Recognition of share-based payment expenses	—	—	201,848	—	201,848
At 31 May 2016	<u>10,000</u>	<u>6,955,000</u>	<u>756,707</u>	<u>(88,351)</u>	<u>7,633,356</u>

33. SHARE-BASED PAYMENTS

On 10 March 2010, the Board of Directors of the Company approved a share option plan (the "Plan") and adopted it on 10 March 2010 for the purpose of providing eligible individuals who are responsible for the management, growth and financial success of the Company or who otherwise render valuable services to the Company with the opportunity to acquire a proprietary interest, or increase their proprietary interest, in the Company and thereby encourage them to remain in the service of the Company.

Eligible individuals of the 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 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 Plan shall not exceed 10% of the issued share capital of the Company, unless otherwise approved by the Board of Directors.

- (a) The terms and conditions of the grants and movements in the number of share options under the Plan during the Relevant Periods are as follows:

2015

Category of participant	Date of grant	Number of shares issuable under share options					At 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		
Directors	10 March 2010	<u>109,226</u>	—	—	—	—	<u>109,226</u>	0.85
Employees	10 March 2010	27,307	—	—	—	—	27,307	0.85
	1 January 2013	10,000	—	—	(7,500)	(2,500)	—	0.85
	1 June 2013	85,000	—	—	(18,750)	(6,250)	60,000	0.85
	1 August 2013	41,534	—	—	—	—	41,534	0.85
	1 May 2015	—	<u>30,000</u>	—	—	—	<u>30,000</u>	<u>0.85</u>
Sub-total		163,841	30,000	—	(26,250)	(8,750)	158,841	
Total		<u>273,067</u>	<u>30,000</u>	—	<u>(26,250)</u>	<u>(8,750)</u>	<u>268,067</u>	

2016

Category of participant	Date of grant	Number of shares issuable under share options					At 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		
Directors	10 March 2010	<u>109,226</u>	—	—	—	—	<u>109,226</u>	0.85
Employees	10 March 2010	27,307	—	—	—	—	27,307	0.85
	1 June 2013	60,000	—	—	—	—	60,000	0.85
	1 August 2013	41,534	—	—	—	—	41,534	0.85
	1 May 2015	<u>30,000</u>	—	—	—	—	<u>30,000</u>	0.85
Sub-total		158,841	—	—	—	—	158,841	
Total		<u>268,067</u>	—	—	—	—	<u>268,067</u>	

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

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

	2015		2016	
	Weighted average exercise price S\$	Number	Weighted average exercise price S\$	Number
Outstanding at beginning of the year	0.85	273,067	0.85	268,067
Granted during the year	0.85	30,000	—	—
Lapsed during the year	0.85	(8,750)	—	—
Forfeited during the year	0.85	<u>(26,250)</u>	—	—
Outstanding at end of the year	<u>0.85</u>	<u>268,067</u>	<u>0.85</u>	<u>268,067</u>

The weighted average exercise prices of options outstanding at the end of each Relevant Periods are S\$0.85 and the weighted average remaining contractual life were 10.6 years and 9.6 years as at 31 May 2015 and 31 May 2016 respectively.

Of the total number of options outstanding at end of 31 May 2015 and 31 May 2016, 186,194 and 219,078 had vested and were exercisable respectively.

The following information is relevant in the determination of the fair value of options granted during the Relevant Periods under the Plan.

	Granted on 1 May 2015
Option pricing model used	Black-Scholes Option Pricing Model
Share price at grant date	S\$8.698
Exercise price	S\$0.850
Weighted average contractual life	2.82 to 5.50 years
Expected volatility	24.9% to 27.5%
Expected dividend rate	0%
Risk-free interest rate	1.28% to 1.68%

The volatility assumption is measured at the average of the comparable companies' share price return volatility over the same period.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share options granted.

During the financial year ended 31 May 2015, 8,750 share options lapsed. Accordingly, the related share-based compensation reserve of S\$46,145 was released to accumulated losses.

During the financial year ended 31 May 2015, 26,250 unvested share options forfeited. Accordingly, the related share-based compensation reserve of \$56,069 was reversed to profit or loss.

(c) On 24 August 2015, the Company issued warrants to all shareholders and only five shareholders accepted. 98,304 warrants were issued and each warrant allows the shareholders to purchase one series D preference share of the Company at S\$3.05175 per share. The warrants are exercisable from the date of issue and expiring on the date of five years after the date of issue. On 4 October 2016, all the warrants have been cancelled by the Company at a consideration of S\$897,000.

34. OPERATING LEASE ARRANGEMENTS

As lessee

	2015	2016
	S\$	S\$
Minimum lease payments paid under operating leases during the year	<u>680,555</u>	<u>715,789</u>

At the end of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases are due as follows:

	2015 S\$	2016 S\$
Within one year	711,671	707,349
In the second to fifth years, inclusive	<u>819,543</u>	<u>116,646</u>
	<u><u>1,531,214</u></u>	<u><u>823,995</u></u>

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for terms between one to three years at fixed rentals.

As lessor

	2015 S\$	2016 S\$
Minimum lease payments received under operating leases during the year	—	<u><u>11,835</u></u>

At the end of the Relevant Periods, the Group had total future minimum lease payments receivable under non-cancellable operating leases are due as follows:

	2015 S\$	2016 S\$
Within one year	—	14,010
In the second to fifth years, inclusive	—	<u>2,955</u>
	—	<u><u>16,965</u></u>

Operating lease payments receivable represent rentals receivable by the Group for leasing the **Starlight** meters. The leases are negotiated for a term of two years at fixed rentals.

35. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in this Financial Information, the Group entered into the following significant transactions with related parties.

	Note	2015 S\$	2016 S\$
Interest expenses paid to following shareholders:	(i)		
— BAF Spectrum Pte. Ltd.		—	7,622
— iGlobe Platinum Fund Limited		—	15,759
— Mr. Lim Ho Kee		—	101
— Majuven Fund 1 Ltd.		—	16,317
— Mr. Lee Ching Yen Stephen		—	201
		<u>—</u>	<u>40,000</u>
Professional service fee paid to a shareholder:			
— Majuven Fund Pte. Ltd.		<u>9,120</u>	<u>35,200</u>

- (i) On 24 August 2015, the Company entered into a non-convertible bridge loan ("Bridge Loan") agreement with the shareholders to borrow a six months term loans with principal amount of S\$1,000,000 at a fixed rate of 8% per annum. The loans were fully repaid during the financial year ended 31 May 2016.

(b) Compensation of key management personnel

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

	2015 S\$	2016 S\$
Salaries, allowances and benefits in kind	692,559	732,496
Share-based payments	116,883	119,328
Contributions on defined contribution retirement plans	<u>61,432</u>	<u>66,304</u>
	<u>870,874</u>	<u>918,128</u>

- (c) The amount due to a shareholder is unsecured, interest-free and repayable on demand.

36. 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 bank borrowing as shown in the consolidated statements of financial position less bank balances and cash. Total capital is calculated as equity as shown in the consolidated statements of financial position.

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

	2015 S\$	2016 S\$
Total borrowing	76,982	42,017
Less: Bank balances and cash	<u>(613,097)</u>	<u>(2,773,551)</u>
Net debt	<u>(536,115)</u>	<u>(2,731,534)</u>
Total capital	<u>5,085,633</u>	<u>7,814,984</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>

37. 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 Group's credit risk is primarily attributable to its trade and other receivables and amounts due from customers. Management has a credit policy in place and the exposures to these credit risks are monitored on ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 30 days to 60 days from the date of billing. Debtors with balances that are more than one month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 May 2015 and 2016, the Group has a

certain concentration of credit risk as 31% and 28% of the total trade receivables was due from the Group's largest customer respectively and 54% and 55% of the total trade receivables was due from the Group's five largest trade debtors respectively.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in notes 20 and 21, respectively, to the Financial Information.

(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 Relevant Periods 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 end of the Relevant Periods) 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\$
2015					
Trade payables	468,991	468,991	468,991	—	—
Other payables and accruals	278,968	278,968	278,968	—	—
Amounts due to customers	94,251	94,251	94,251	—	—
Bank borrowing	<u>76,982</u>	<u>85,600</u>	<u>41,088</u>	<u>41,088</u>	<u>3,424</u>
	<u>919,192</u>	<u>927,810</u>	<u>883,298</u>	<u>41,088</u>	<u>3,424</u>

	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\$
2016					
Trade payables	597,984	597,984	597,984	—	—
Other payables and accruals	821,003	821,003	821,003	—	—
Amounts due to customers	99,664	99,664	99,664	—	—
Amount due to a shareholder	35,200	35,200	35,200	—	—
Bank borrowing	<u>42,017</u>	<u>44,512</u>	<u>41,088</u>	<u>3,424</u>	—
	<u>1,595,868</u>	<u>1,598,363</u>	<u>1,594,939</u>	<u>3,424</u>	—

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowing. Borrowing issued at variable rates expose the Group to cash flow interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The interest rate and term of repayment of the Group's borrowing are disclosed in note 27 to the Financial Information.

At the end of the Relevant Periods, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would not derive significant change on the Group's (loss)/profit for the Relevant Periods.

(d) Currency risk

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

38. 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 Relevant Periods were categorised as follows:

	2015	2016
	S\$	S\$
Financial assets		
Loans and receivables (including bank balances and cash)	<u>2,551,279</u>	<u>5,412,997</u>
Financial liabilities		
Financial liabilities measured at amortised costs	<u>919,192</u>	<u>1,595,868</u>

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 May 2016.

Yours faithfully,

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate number: P05309

Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about how the Placing might have affected the consolidated net tangible assets attributable to the owners of the Company after the completion of the Placing as if the Placing had taken place on 31 May 2016. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of the Group had the Placing been completed on 31 May 2016 or at any future dates.

The unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 May 2016 is based on the audited consolidated net tangible assets attributable to the owners of the Company as at 31 May 2016 as shown in the Accountants' Report set out in Appendix I to this prospectus and the adjustments described below.

	Audited Consolidated net tangible assets attributable to owners of the Company as at 31 May 2016 S\$'000 (Note 1)	Estimated net proceeds from the Placing S\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company S\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company S\$ (Note 3, 4)	
				S\$	HK\$
Based on the Placing Price of HK\$0.71 per Share	<u>4,201</u>	<u>9,317</u>	<u>13,519</u>	<u>0.03</u>	<u>0.16</u>
Based on the Placing Price of HK\$0.91 per Share	<u>4,201</u>	<u>12,843</u>	<u>17,044</u>	<u>0.04</u>	<u>0.22</u>

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 31 May 2016 are based on audited consolidated net assets attributable to owners of the Company as at 31 May 2016 of S\$7,815,000 as set out in Appendix I to this prospectus, less intangible assets of S\$3,614,000.
2. The estimated net proceeds from the Placing are based on 100,000,000 Placing Shares and the Placing Price of HK\$0.71 and HK\$0.91 per Placing Share respectively, after deduction of the underwriting fees and related expenses payable by the Company.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 399,158,496 Shares in issue immediately following the completion of the Placing but takes no account of any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates.
4. For the purpose of estimated net proceeds from the Placing and the calculation of the unaudited pro forma adjusted consolidated net tangible assets per share, the translation between Singapore dollars and HK dollars was made at the rate of S\$1 = HK\$5.4458.
5. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 May 2016.

(B) ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.



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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

30 November 2016

The Board of Directors of
Anacle Systems Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Anacle Systems Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 May 2016, and related notes as set out in Part A of Appendix II on pages II-1 to II-2 of the prospectus dated 30 November 2016 (the "Prospectus") issued by the Company (the "Unaudited Pro forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Notes 2 to 5 in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed placing of ordinary shares of the Company (the "Placing") on the Group's consolidated net tangible assets attributable to the owners of the Company as at 31 May 2016 as if the Placing had taken place on the same date. As part of this process, information about the Group's consolidated net tangible assets attributable to the owners of the Company as at 31 May 2016 has been extracted by the Directors from the Group's financial statements, on which an accountants' report has been published.

**DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guidance 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

OUR INDEPENDENCE AND QUALITY CONTROL

We have compiled with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Stand on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the Placing on unadjusted financial information of the Group as if the Placing had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Placing at 31 May 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Placing, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of that adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

BDO LIMITED*Certified Public Accountants*

Hong Kong, 30 November 2016

This Appendix contains a summary of the Constitution of our Company and the salient provisions of certain Singapore laws. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

Set out below is a summary of certain provisions of the Constitution of our Company and salient provisions of certain laws of Singapore applicable to a Singapore incorporated company.

Our Company was incorporated in Singapore under the Singapore Companies Act as a private company limited by shares on 21 February 2006. It was converted to a public company limited by shares on 25 November 2016.

The discussion below provides information about certain provisions of our Company's Constitution. A summary of the salient provisions of the laws of Singapore is set out in the section entitled "Salient Provisions of Singapore Laws" below. This description is only a summary and is qualified by reference to Singapore law and our Constitution. The instrument that constitutes and defines our Company is the Constitution of our Company.

A. CONSTITUTION OF OUR COMPANY

(a) Liability of members

Recital C

The liability of the members is limited.

(b) Director's duty to disclose his interest in contracts with our Company

Regulation 90

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of our Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of our Board after he knows that he is or has become so interested. For the purposes of this Regulation, a general Notice to our Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Regulation in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of our Board or our Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(c) **Director's power to vote on a proposal, arrangement or contract in which our Director is interested**

Regulation 90A

- (1) A Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of our Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which our Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where our Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;
 - (iv) any proposal concerning any other company in which our Director or his close associate(s) is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which our Director or his close associate(s) is beneficially interested in shares of that company, provided that our Director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his close associates is derived) or of the voting rights;
 - (v) any contract or arrangement in which our Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
 - (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his close associate(s) and to employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

- (2) If any question shall arise at any meeting of our Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of our Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of our Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to our Board.
- (3) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under our Company, or where our Directors resolve to exercise any of the rights of our Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where our Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to this Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.
- (4) The provisions of this Regulation may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by our Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this Regulation may be ratified by ordinary resolution of our Company, subject to the Act and any applicable laws, provided that a Director whose action is being ratified by this ordinary resolution shall refrain from voting on this ordinary resolution as a shareholder at that general meeting.

Regulation 91

- (1) A Director may hold any other office or place of profit under our Company (except that of auditor) and he or any firm of which he is a member may act in a professional capacity for our Company in conjunction with his office of Director, and on such terms as to remuneration and otherwise as our Directors shall determine. A Director of our Company may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or in which our Company may be interested as vendor, purchaser, shareholder or otherwise, and no such Director shall be accountable to our Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless our Company otherwise directs as long as the shares of our Company are listed on the Stock Exchange, an independent non-executive Director or any firm of which he is a member shall not be allowed to act in any professional capacity for our Company during the tenure of his

office as an independent non-executive Director and at any time during the twelve (12) months immediately preceding his appointment.

- (2) Our Directors may exercise the voting power conferred by the shares in any company held or owned by our Company in such manner and in all respects as our Directors think fit in the interests of our Company (including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to our directors of such company) and any such Director of our Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

(d) Director's power to vote on remuneration for himself or for any other Director

Regulation 86

- (1) The fees of our Directors shall be determined from time to time by our Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among our Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.
- (2) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of our Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as our Directors may determine, subject however as is hereinafter provided in this Regulation.
- (3) The fees (including any remuneration under Regulation 86(2) above) in the case of a Director other than an executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Regulation 87

Our Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of our Directors or of any committee of our Directors or general meetings or otherwise howsoever in or about the business of our Company in the course of the performance of their duties as Directors.

Regulation 88

Subject to the Act, our Directors on behalf of our Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or

former Director who had held any other salaried office or place of profit with our Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Regulation 90A

(1)(vi) A Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to matters concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his close associate(s) and to employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

Regulation 91(2)

Our Directors may exercise the voting power conferred by the shares in any company held or owned by our Company in such manner and in all respects as our Directors think fit in the interests of our Company (including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to our directors of such company) and any such Director of our Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

Regulation 94

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by our Directors and may subject to this Constitution be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

(e) Borrowing powers exercisable by our Directors and how such borrowing powers can be varied

Regulation 118

Our Directors may at their discretion exercise all the powers of our Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of our Company including any uncalled or called but unpaid capital and to issue debentures or give any other security, whether outright or as collateral security, for any debt, liability or obligation of our Company or of any third party.

(f) Appointment, Retirement, Resignation and Removal of Directors**Regulation 83**

The number of our Directors, all of whom shall be natural persons, shall not be less than two (2).

Regulation 84

Our Company in general meeting may, subject to the provisions of this Constitution, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in this Constitution or in any agreement between our Company and such Director) and appoint another person in place of a Director so removed, and may increase or reduce the number of Directors, and may alter their share qualifications. Until otherwise determined by a general meeting, there shall be no maximum number.

Regulation 92

Our Directors may from time to time appoint one (1) or more of their body or such other person(s) to the office of Chief Executive Officer(s)/Managing Director(s) of our Company (or any equivalent appointment(s) howsoever described) for such period and on such terms as they think fit, and may from time to time (subject to the provisions of any contract between him or them and our Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where a Chief Executive Officer/Managing Director (or a person holding an equivalent appointment) is appointed for a fixed term, such term shall not exceed five (5) years.

Regulation 93

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of our Company notwithstanding the provisions of his contract of service in relation to his executive office and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a Chief Executive Officer/Managing Director.

Regulation 96

- (1) Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events, namely:
 - (i) if he is prohibited from being a Director by reason of any order made under the Act;
 - (ii) if he ceases to be a Director by virtue of any of the provisions of the Act;

- (iii) if he resigns by writing under his hand left at the Office or if he shall in writing offer to resign and our Directors shall resolve to accept such offer;
 - (iv) if he shall become bankrupt or have a bankruptcy order made against him or if he suspends payments or makes any arrangement or composition with his creditors generally;
 - (v) if he should be found lunatic or becomes of unsound mind during his term of office;
 - (vi) if he absents himself from meetings of our Directors for a continuous period of six (6) months without leave from our Directors and our Directors resolve that his office be vacated;
 - (vii) if he is removed by a resolution of our Company in general meeting pursuant to this Constitution; or
 - (viii) if he becomes disqualified from acting as Director in any jurisdiction for reasons other than on technical grounds.
- (2) In accordance with the provisions of Section 152 of the Act, our Company may by ordinary resolution of which special notice has been given remove any Director before the expiration of his period of office, notwithstanding any provision of this Constitution or of any agreement between our Company and such Director but without prejudice to any claim he may have for damages for breach of any such agreement. Our Company in general meeting may appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which our Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by our Directors as a casual vacancy.

Regulation 97

Unless our Company agrees otherwise, a Director who is appointed by our Company as director of any related or associated company of our Company shall resign (without compensation whatsoever) as such director if he is removed as Director of our Company or if his office as Director is vacated (notwithstanding any agreement between our Director and our Company or any such related or associated company). Unless our Company agrees otherwise, an employee of our Company who is appointed director of any related or associated company of our Company shall resign (without compensation whatsoever) as such director if he ceases for any reason whatsoever to be an employee of our Company.

Regulation 98

Subject to this Constitution and to the Act, at each Annual General Meeting at least one-third of our Directors for the time being (or, if their number is not a multiple

of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire from office at least once every three (3) years.

Regulation 99

Our Directors to retire by rotation shall include (so far as necessary to obtain the number required) 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 meeting by reason of age. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between 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. A retiring Director shall be eligible for re-election.

Regulation 100

Our Company at the meeting at which a Director retires under any provision of this Constitution may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to our Company that he is unwilling to be re-elected; or
- (iii) such Director has attained any retiring age applicable to him as a Director; or
- (iv) the nominating committee appointed has given notice in writing to our Directors that such Director is not suitable for re-appointment, having regard to our Director's contribution and performance.

The retirement of any Director who is deemed to have been re-elected shall not have effect until the conclusion of the meeting and such Director will continue in office without a break.

Regulation 101

No person, other than a Director retiring at the meeting, shall, unless recommended by our Directors for re-election, be eligible for appointment as a Director at any general meeting unless not less than seven (7) clear days before the day appointed for the meeting there shall have been left at the Office notice in writing signed by some Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and

also notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Member to propose him. Provided that in the case of a person recommended by our Directors for election nine (9) clear days' notice only shall be necessary and notice of each and every candidate for election to our Board of Directors shall be served on all Members at least seven (7) clear days prior to the meeting at which the election is to take place. The lodgement of the notice referred to in this paragraph shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election.

Regulation 102

Our Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by this Constitution. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Regulation 103

- (1) Any Director of our Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from our Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to our Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from our Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.
- (2) An alternate Director shall (subject to his giving to our Company an address in Singapore) be entitled to receive notices of all meetings of our Directors and to attend and vote as a Director at such meetings at which our Director appointing him is not personally present and generally to perform all functions of his appointor as a Director in his absence.
- (3) An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director otherwise than by retiring and being re-elected at the same meeting.
- (4) All appointments and removals of alternate Directors shall be effected in writing under the hand of our Director making or terminating such appointment left at the Office.
- (5) No person shall be appointed an alternate Director for more than one (1) Director. No Director may act as an alternate Director.
- (6) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being under this

Constitution but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of our directors attended by him at which he is entitled to vote.

Regulation 109

Our Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by our Directors.

(g) The number of Shares, if any, required for Director's qualification

Regulation 85

A Director need not be a Member and shall not be required to hold any share qualification in our Company and shall be entitled to attend and speak at general meetings.

(h) Rights, preferences and restrictions attaching to each class of Shares

Change in Capital

Regulation 4

Subject to the Act and this Constitution, no shares may be issued by our Directors without the prior sanction of an ordinary resolution of our Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 47, and to any special rights attached to any shares for the time being issued, our Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as our Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit, and preference shares may be issued which are or at the option of our Company are liable to be redeemed, the terms and manner of redemption being determined by our Directors where our Company issues shares which do not carry voting rights, the words "non voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

Regulation 5

- (1) Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in our Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. Preference shareholders shall have the same rights as

ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of our Company. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of our Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

- (2) Our Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Regulation 47

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as our Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of our Company or otherwise.

Regulation 48(1)

Subject to any direction to the contrary that may be given by our Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from our Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, our Directors may dispose of those shares in such manner as they think most beneficial to our Company. Our Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of our Directors, be conveniently offered under this Regulation.

Regulation 49

Except so far as otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of our Company and shall be subject to the provisions of this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Registered Member as Absolute Owner*Regulation 11*

Except as required by law, no person shall be recognised by our Company as holding any share upon any trust and our Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person entered in the Register of Members as the registered holder thereof.

Share Certificate*Regulation 14*

The certificate of title to shares or debentures in the capital of our Company shall be issued under the seal in such form as our Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two (2) Directors, or of one (1) Director and the Secretary or some other person appointed by our Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, the amounts paid and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical, electronic or other means approved by our Directors. No certificate shall be issued representing shares of more than one class.

Voting*Regulation 65*

At any general meeting all resolutions put to the vote of the general meeting shall be decided by way of poll.

Regulation 66

Subject to the Act and the requirements of the Exchange, the poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the general meeting.

Regulation 71

- (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of our Company and to Regulation 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.
- (2) Every Member who is present in person or by proxy, attorney or representative shall (a) on a show of hands have one vote provided always that in the case of a

member who is not a clearing house or its nominee(s) and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote on a show of hands, and in the case of a member who is a clearing house or its nominee(s) and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands, and (b) on a poll, have one vote for each share which he holds or represents.

Regulation 73

If a Member be a lunatic, idiot or non-compos mentis, he may vote by his committee, *curator bonis* or such other person as properly has the management of his estate and any such committee, *curator bonis* or other person may vote by proxy or attorney, provided that such evidence as our Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the meeting or such cut-off time as provided under the Act, whichever is earlier.

Regulation 74

Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a Member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

Regulation 74(A)

Where our Company has knowledge that any Member is, under the rules of the Exchange or the Hong Kong Codes on Takeovers, Mergers and Share Buy-backs, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Regulation 75

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

Joint Holders

Regulation 15

- (1) Our Company shall not be bound to register more than four (4) persons as the joint holders of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.

- (2) If two (2) or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.
- (3) Only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from our Company and any notice given to such person shall be deemed notice to all the joint holders.

Regulation 29

The joint holders of a share shall be jointly and severally liable to the payment of all calls and instalments in respect thereof.

Regulation 72

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

Regulation 133

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct shall to the extent of the payment discharge our Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to our Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

Regulation 149

In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Regulation 150

All notices with respect to any shares to which persons are jointly entitled shall be given to whichever of such persons is named first on the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

(i) Any change in capital***Regulation 50***

- (1) Our Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:
 - (i) consolidate and divide all or any of its shares;
 - (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
 - (iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as our Company has power to attach to new shares provided always that where our Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting"; and
 - (iv) subject to the provisions of this Constitution and the Act, convert any class of shares into any other class of shares.
- (2) Our Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the Relevant Laws), on such terms and subject to such conditions as our Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by our Company as aforesaid will be cancelled and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, our Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Where our Company

purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by our Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.

Regulation 51

Our Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by our Company pursuant to these presents and the Act, the number of issued shares of our Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of our Company, the amount of the share capital of our Company shall be reduced accordingly.

(j) Any change in the respective rights of the various classes of Shares including the action necessary to change the rights

Regulation 7

- (1) If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not our Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (2) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Regulation 8

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

(k) Dividends and distribution**Regulation 123**

Our Directors may, with the sanction of our Company, by ordinary resolution declare dividends but (without prejudice to the powers of our Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of our Company.

Regulation 124

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act:

- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored and shall not entitle the holder of such share to participate in respect thereof in a dividend subsequently declared.

Regulation 125

Without the need for sanction of our Company under Regulation 123, if, and so far as in the opinion of our Directors, the profits of our Company justify such payments, our Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Regulation 126

No dividend or other moneys payable on or in respect of a share shall bear interest against our Company.

Regulation 127

Our Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to our Company on account of calls or in connection therewith, or any other account which our Company is required by law to withhold or deduct.

Regulation 128

Our Directors may retain any dividend or other moneys payable on or in respect of a share on which our Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Regulation 129

Our Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Regulation 130

The payment by our Directors of any unclaimed dividends or other money payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by our Directors for the benefit of our Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to our Company but our Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Regulation 131

Our Company may, upon the recommendation of our Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and our Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, our Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to our Directors.

Regulation 132

- (1) Whenever our Directors or our Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of our Company, our Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as our Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by our Directors;
 - (ii) our Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which our Directors shall have passed such a resolution as aforesaid, and our Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as our Directors consider necessary or expedient in connection with the provisions of this Regulation;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that our Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "**elected ordinary shares**") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 136, our Directors shall (a) capitalise and apply the amount standing to the credit of any of our Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as our Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2) (i) The ordinary shares allotted pursuant to the provisions of Regulation 132(1) shall rank *pari passu* in all respects with the ordinary shares then in issue

save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless our Directors shall otherwise specify.

- (ii) Our Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 132(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to our Company rather than to the Members concerned).
- (3) Our Directors may, on any occasion when they resolve as provided in Regulation 132(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or, or in respect of ordinary shares the transfer of which is registered, after such date as our Directors may fix subject to such exceptions as our Directors think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.
- (4) Our Directors may, on any occasion when they resolve as provided in Regulation 132(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members are outside Singapore or to such other Members or class of Members as our Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (5) Notwithstanding the foregoing provisions of this Regulation, if at any time after our Directors' resolution to apply the provisions of Regulation 132(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, our Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, our Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Regulation 132(1).

Regulation 133

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such

address as such persons may by writing direct shall to the extent of the payment discharge our Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to our Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

(I) Share transfers and restrictions on the right to own Shares

Regulation 11

Except as required by law, no person shall be recognised by our Company as holding any share upon any trust and our Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person entered in the Register of Members as the registered holder thereof.

Regulation 18

Subject to this Constitution, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by our Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. Notwithstanding the generality of this regulation but subject to the Act, transfers of shares which are listed on the Exchange may be effected by any method of transferring or dealing in securities permitted by the rules and regulations of the Exchange and which has been approved by our Directors for such purpose.

Regulation 19

The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferor or transferee is a clearing house or its nominee(s), shall be effective by hand or by machine imprinted signature or by such other manner of execution as our Directors may approve from time to time. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

Regulation 20

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on our company any liability in respect of the registration of such transfer if our company has no actual knowledge of the same.

Regulation 21

- (1) Subject to this Constitution, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but our Directors may in their discretion decline to register any transfer of shares upon which our Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If our Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.
- (2) Our Directors may decline to register any instrument of transfer unless:-
 - (i) such fee not exceeding two dollars (S\$2) (or such other fee as our Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of our Company may be listed) per transfer as our Directors may from time to time require, is paid to our Company in respect thereof;
 - (ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as our Directors appoint accompanied by a certificate of payment of stamp duty (if any is payable), the certificates of the shares to which the transfer relates, and such other evidence as our Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (iii) the instrument of transfer is in respect of only one (1) class of shares.

Regulation 23(1)

The Register of Members may be closed at such times and for such period as our Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided always that our Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

Regulation 48(1)

Subject to any direction to the contrary that may be given by our Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from our Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept

the shares offered, our Directors may dispose of those shares in such manner as they think most beneficial to our Company. Our Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of our Directors, be conveniently offered under this Regulation.

Regulation 49

Except so far as otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of our Company and shall be subject to the provisions of this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

(m) Approval for issue of new ordinary Shares

Regulation 4

Subject to the Act and this Constitution, no shares may be issued by our Directors without the prior sanction of an ordinary resolution of our Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 47, and to any special rights attached to any shares for the time being issued, our Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as our Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit, and preference shares may be issued which are or at the option of our Company are liable to be redeemed, the terms and manner of redemption being determined by our Directors where our Company issues shares which do not carry voting rights, the words "non voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

(n) Replacement of share certificates

Regulation 17(1)

Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as our Directors of our Company shall require, and in case of defacement or wearing out, on delivery of the old certificate and in any case on payment of such sum not exceeding two dollars (S\$2) (or such other fee as our Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of our

Company may be listed) as our Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to our Company all expenses incidental to the investigations by our Company of the evidence of such destruction or loss in order to satisfy our Company beyond reasonable doubt that the original has been destroyed or lost.

(o) General Meeting of Shareholders

Regulation 56

- (1) Subject to the provisions of the Act, our Company shall in each year hold a general meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen (15) months shall elapse between the date of one (1) Annual General Meeting of our Company and that of the next. The Annual General Meeting shall be held at such time and place as our Directors shall appoint.
- (2) All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The time and place of any meeting shall be determined by the convenors of the meeting.

Regulation 57

Our Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by our Directors.

Regulation 58(A)

- (1) A general meeting must be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:
 - (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together representing not less than ninety five per cent. (95%) of the total voting rights at the meeting of all the Members.
- (2) The notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting

shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of this Constitution or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding up of a Member and to each of our Directors and the Auditors.

Regulation 58(B)

- (1) Every notice calling a general meeting shall specify the place, day and hour of the general meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of our Company.
- (2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (3) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

Regulation 59

Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

- (a) declaring dividends;
- (b) receiving and adopting the financial statements, the signed Directors' statement accompanying the financial statements (in such form, manner and content as prescribed by the Act), reports of our Directors and auditors and other documents required to be attached or annexed to the accounts;
- (c) appointing or re appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re appointing the retiring auditors (unless they were last appointed otherwise than by our Company in general meeting);
- (e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the remuneration of our Directors proposed to be paid under Regulation 86.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

Regulation 60

No business shall be transacted at any general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purpose of this Regulation, *Member* includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation which has appointed a corporate representative. Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum.

Regulation 61

If within half an hour from the time appointed for the general meeting a quorum is not present, the general meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as our Directors may determine, and if at such adjourned general meeting a quorum is not present within half an hour from the time appointed for holding the general meeting, the general meeting shall be dissolved.

Regulation 62

Subject to the Act, a resolution in writing signed by every Member of our Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of our Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each sent to, and signed or approved by one (1) or more of such Members. The expressions "sent", "in writing", "signed" and "approved" include, transmission to and approval by any such Member by letter, facsimile, electronic mail, telex, cable or telegram or by any form of Electronic Communication approved by our Directors for such purpose from time to time incorporating, if our Directors deem necessary, the use of security and/or identification procedures and devices approved by our Directors. PROVIDED THAT resolutions relating to dispensing with the holding of Annual General Meetings and resolutions in respect of matters requiring special notice under the Act may not be passed pursuant to this Regulation 62.

Regulation 65

At any general meeting all resolutions put to the vote of the general meeting shall be decided by way of poll.

Regulation 76

On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Regulation 77

- (1) Unless otherwise provided by the Act:
 - (i) a Member who is not a clearing house or its nominee(s) may appoint not more than two (2) proxies to attend and vote at the same general meeting; and
 - (ii) a Member who is a clearing house or its nominee(s) may appoint more than two (2) proxies to attend and vote at the same general meeting, but each proxy shall be appointed to exercise the rights attached to a different share or shares held by such Member.
- (2) Attendance by a Member shall invalidate his appointment of proxies.
- (3) Where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.
- (5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, such proxy may not exercise any of the votes or rights of the shares not registered in the name of that Member in the Register of Members.
- (6) If the Chairman is appointed as proxy, he may authorise any other person to act as proxy in his stead. Where the Chairman has authorised another person to act as proxy, such other person shall be taken to represent all Members whom the Chairman represented as proxy.

Regulation 78

A proxy or attorney need not be a Member, and shall be entitled to vote on any matter at any general meeting.

Regulation 79

- (1) Any instrument appointing a proxy shall be in writing in the common form or any other form approved by our Directors, (provided always that this shall not preclude the use of the two-way form) and our Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. In addition, such instrument

- (i) in the case of an individual, shall be:
 - (A) executed under the hand of the appointor or his attorney duly authorised in writing if the instrument is delivered personally or sent by post; or
 - (B) subject always to Regulation 149, authorised by that individual through such method and in such manner as may be approved by our Directors, if the instrument is sent by Electronic Communication; and
- (ii) in the case of a corporation, shall be:
 - (A) executed under seal in accordance with its constitutional documents or under the hand of its attorney or its officer duly authorised or in such manner as appropriate under applicable laws if the instrument is delivered personally or by post; or
 - (B) subject always to Regulation 149, authorised by that corporation through such method and in such manner as may be approved by our Directors, if the instrument is sent by Electronic Communication.

Our Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer and our Company shall accept as valid in all respects the form of proxy approved by our Directors for use at the date relevant to the general meeting in question.

- (2) An instrument of proxy shall be deemed to include the power to speak at the meeting and the power to demand or join in demanding a poll (where applicable) on behalf of the appointor to move any resolution or amendment thereto. Unless otherwise instructed, a proxy or an attorney shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

Regulation 81

A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by our Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Regulation 82

- (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of our Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of our Company. Our Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Regulation.
- (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of our Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this constitution shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

(p) Capitalisation and rights issues**Regulation 136**

- (1) Our Directors may, with the sanction of an ordinary resolution of our Company (including any ordinary resolution passed pursuant to Regulation 48(2):
 - (a) issue bonus shares for which no consideration is payable to our Company to the persons registered as holders of shares in the Register of Members at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 48(2)) such other date as may be determined by our Directors,in proportion to their then holdings of shares; and
 - (b) capitalise any sum standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

- (ii) (in the case of an ordinary resolution passed pursuant to Regulation 48(2)) such other date as may be determined by our Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (2) In addition and without prejudice to the powers provided for by Regulation 136(1) and 137, our Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of our Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up such shares in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by our Company and approved by shareholders in general meeting and on such terms as our Directors shall think fit.

Regulation 137

Our Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation with full power to our Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to our Company rather than to the Members concerned. Our Directors may authorise any person to enter, on behalf of all the Members interested, into an agreement with our Company providing for any such bonus issue and/or capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.

(q) Indemnity

Regulation 159

- (1) Subject to, and to the maximum extent permissible under, the provisions of the Act, every Director, Chief Executive Officer/Managing Director, auditor, Secretary or other officer of our Company shall be entitled to be indemnified by our Company against all costs, charges, losses, expenses and liabilities incurred by him;
- (i) in the execution and discharge of his duties as an officer or auditor of our Company, unless the same arises through his own negligence, default, breach of duty or breach of trust; or

- (ii) in defending any proceedings whether civil or criminal (relating to the affairs of our Company) in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court unless such proceedings arise through his own negligence, default, breach of duty or breach of trust.
- (2) Without prejudice to the generality of the foregoing and subject to the provisions of the Act and the listing rules of the Exchange, no Director, Chief Executive Officer/Managing Director, Secretary or other officer of our Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to our Company through the insufficiency or deficiency of title to any property acquired by order of our Directors for or on behalf of our Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of our Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, default, breach of duty or breach of trust.
- (r) **Accounts and audit**

Regulation 141

Our Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.

Regulation 142

Subject to the provisions of Section 199 of the Act, the books of accounts shall be kept at the Office or at such other place or places as our Directors think fit within Singapore and shall be open to the inspection of our Directors. No Member (other than a Director) shall have any right to inspect any account or book or document or other recording of our Company except as is conferred by law or authorised by our Directors or by an ordinary resolution of our Company.

Regulation 143

In accordance with the provisions of the Act, our Directors shall cause to be prepared and to be laid before our Company in general meeting financial statements (including the laying of the profit and loss accounts, balance sheets, group accounts and consolidated accounts (if any) and reports as may be necessary) and the signed Directors' statement (in such form, manner and content as prescribed by the Act) accompanying such financial statements. The interval between the close of a financial year of our Company and our Company's Annual General Meeting shall not exceed four (4) months (or such other period as may be prescribed by the Act and the byelaws and listing rules of the Exchange).

Regulation 144

A copy of the financial statements (including every balance sheet, profit and loss account, group accounts and consolidated accounts (if any) and reports as may be necessary) which is to be laid before a general meeting of our Company (including every document required by the Act to be annexed thereto) together with a copy of every report of the auditors relating thereto and of our Directors' report shall not less than twenty one (21) clear days before the date of the meeting be delivered or sent by post to every Member of, and every holder of debentures (if any) of, our Company and to every other person who is entitled to receive notices from our Company under the provisions of the Act or of this Constitution at their registered address; provided that the documents referred to in this Regulation may be sent less than twenty one (21) clear days before the date of the meeting if all the persons entitled to receive notices of meetings from our Company so agree and this Regulation shall not require a copy of these documents to be sent to any person of whose address our Company is not aware or to more than one (1) of the joint holders of a share in our Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office.

(s) Alteration of Constitution and our Company's name**Regulation 165**

No Regulation of this Constitution shall be rescinded, altered or amended, and no new Regulation shall be made, until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Constitution or to change the name of our Company and as permitted in the circumstances provided under the Act.

Regulation 166

There should not be any alteration in the Constitution to increase an existing Member's liability to our Company unless such increase is agreed by such Member in writing.

(t) Liquidation**Regulation 158**

If our Company is wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a special resolution, divide among the Members in specie or kind the whole or any part of the assets of our Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of

Members as the liquidator with the like authority thinks fit, and the liquidation of our Company may be closed and our Company dissolved, but no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

(u) Call on Shares and forfeiture of Shares

Regulation 29

Our Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to our Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as our Directors may determine. The joint holders of a share shall be jointly and severally liable to the payment of all calls and instalments in respect thereof.

Regulation 31

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight (8) per cent per annum as our Directors determine, but our Directors shall be at liberty to waive payment of such interest wholly or in part.

Regulation 32

Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Regulation 33

Our Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

Regulation 34

Our Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, our Company may pay interest at such rate not exceeding without the sanction of our Company in general meeting

eight (8) per cent per annum as the Member paying such sum and our Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to our Company and not as part of its capital and shall be repayable at any time if our Directors so decide.

Regulation 35

If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, our Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.

Regulation 36

The notice shall name a further day (not being less than seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

Regulation 37

If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of our Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against our Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and our Company, except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by the Act given or imposed in the case of past Members. Our Directors may accept a surrender of any share liable to be forfeited hereunder.

Regulation 38

When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members opposite to the share; but the provisions of this Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Regulation 39

Notwithstanding any such forfeiture as aforesaid, our Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

Regulation 40

A share so forfeited or surrendered shall become the property of our Company and may be either cancelled, sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as our Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as our Directors think fit. To give effect to any such sale, our Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

Regulation 41

A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to our Company all moneys which at the date of forfeiture or surrender were payable by him to our Company in respect of the shares with interest thereon at eight (8) per cent per annum (or such lower rate as our Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when our Company receives payment in full of all such money in respect of the shares and our Directors may waive payment of such interest either wholly or in part.

Regulation 42

Our Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as our Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. Our Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

Regulation 43

No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Regulation 44

Our Company may sell in such manner as our Directors think fit any share on which our Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, our Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Regulation 45

The net proceeds of sale, whether of a share forfeited by our Company or of a share over which our Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the person whose shares have been sold or his executors, administrators or assignees or as he may direct. For the purpose of giving effect to any such sale our Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.

Regulation 46

A statutory declaration in writing by a Director of our Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of our Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of our Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

(v) Untraceable members**Regulation 163**

- (2) Our Company shall have the power to sell, in such manner as our Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
 - (i) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Constitution have remained uncashed;
 - (ii) so far as it is aware at the end of the relevant period, our Company has not at any time during the relevant period received any indication of the

existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and

- (iii) our Company, if so required by the rules governing the listing of shares on the Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Exchange to be made of its intention to sell such shares in the manner required by the Exchange, and a period of three (3) months or such shorter period as may be allowed by the Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (iii) of this Regulation and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale our Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to our Company and upon receipt by our Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and our Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of our Company or as it thinks fit. Any sale under this Regulation shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

(w) Power to dispose of the assets of our Company or any of its subsidiaries

Regulation 113

Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of our Company’s undertaking unless such proposals have been approved by our Company in general meeting. The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to our Directors by any other Regulation.

(x) Proceedings of our Board

Regulation 104

- (1) Our Directors may meet together for the despatch of business, adjourn or otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes the Chairman of the meeting shall have a casting vote provided always that where two (2) Directors form a quorum, the Chairman of a meeting at which only

such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote.

- (2) A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of our Directors by notice in writing given to each Director but it shall not be necessary to give notice of a meeting of directors to any director or alternate director for the time being absent from Singapore.
- (3) The accidental omission to give to any Director, or the non-receipt by any Director of, a notice of a meeting of Directors shall not invalidate the proceedings at that meeting.
- (4) Directors may participate in a meeting of our Board of Directors by means of a conference telephone, video conferencing, audio visual, or other electronic means of communication by which all persons participating in the meeting can hear one another contemporaneously, without having to be in the physical presence of each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A Director participating in a meeting in this way may also be taken into account in ascertaining the presence of a quorum at the meeting. The signature of a Director by facsimile, electronic mail, telex, cable or telegram or any form of Electronic Communication approved by our Directors for such purpose from time to time incorporating, if our Directors deem necessary, the use of security and/or identification procedures and devices approved by our Directors, on any document confirming his attendance shall be sufficient evidence of his presence at the meeting. The minutes of such a meeting signed by the Chairman shall be sufficient evidence of any resolution of any meeting conducted in the manner as aforesaid. Unless otherwise agreed by our Directors, such a meeting shall be deemed to take place where the largest group of Directors present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.
- (5) In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is ceasing to take part in the meeting.

Regulation 105

Unless otherwise determined by our Directors, the quorum necessary for the transaction of business of our Directors shall be two (2). A meeting of our Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by our Directors.

Regulation 112

All acts done by any meeting of Directors or a committee of Directors or by any person acting as Director shall as regards all persons dealing in good faith with our Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

B. SALIENT PROVISIONS OF SINGAPORE LAWS

The following is a summary of the salient provisions of certain laws of Singapore as at the date of this prospectus which are generally applicable to our Company. The summary below is for general guidance only and does not constitute legal advice nor should it be used as a substitute for specific legal advice on the corporate laws of Singapore. The summary does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the corporate laws of Singapore, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

See “Laws and Regulations” for the legal and regulatory requirements applicable to our business operations.

Reporting Obligations of Shareholders

As the shares of our Company are not listed for quotation on the official list of a “securities exchange” (as such term is defined under the Securities and Futures Act, Chapter 289 of Singapore (the “**Singapore Securities and Futures Act**”) and which term does not include the Stock Exchange), our Company is not subject to the provisions of Subdivision (2) of Division 1 to Part VII of the Singapore Securities and Futures Act regulating substantial shareholding reporting obligations.

Prohibited Conduct In Relation to Trading in the Securities of a Company**(a) Prohibitions against false trading and market manipulation — Section 197 of the Singapore Securities and Futures Act**

Pursuant to Section 197(1) of the Singapore Securities and Futures Act, no person shall do any thing, cause any thing to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance of (i) active trading in any securities on a securities market; or (ii) with respect to the market for, or the price of, such securities.

In addition, pursuant to Section 197(1A) of the Singapore Securities and Futures Act, no person shall do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any securities on a securities market, or with respect to the market for, or the price of, such securities, if:

- (1) he knows that doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance; or

- (2) he is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance.

Pursuant to Section 197(2) of the Singapore Securities and Futures Act, no person shall, by means of any purchase or sale of any securities that do not involve a change in the beneficial ownership of those securities, or by any fictitious transaction or device, maintain, inflate, depress, or cause fluctuations in, the market price of any securities.

Under Section 197(3) of the Singapore Securities and Futures Act, where a person:

- (A) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of any securities, being a transaction that does not involve any change in the beneficial ownership of the securities;
- (B) makes or causes to be made an offer to sell any securities at a specified price where he has made or caused to be made or proposes to make or cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price; or
- (C) makes or causes to be made an offer to purchase any securities at a specified price where he has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with him has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of securities at a price that is substantially the same as the first-mentioned price,

it shall be presumed that his purpose, or one of his purposes, for doing so is to create a false or misleading appearance of active trading in securities on a securities market. Section 197(4) of the Singapore Securities and Futures Act provides that the presumption under Section 197(3) may be rebutted if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purposes of creating a false or misleading appearance of active trading in securities on a securities market.

Section 197(5) of the Singapore Securities and Futures Act provides that a purchase or sale of securities does not involve a change in the beneficial ownership if a person who had an interest in the securities before the purchase or sale, or a person associated with the first-mentioned person in relation to those securities, has an interest in the securities after the purchase or sale.

Section 197(6) of the Singapore Securities and Futures Act provides that in any proceedings against a person for contravention of Section 197(2) in relation to a purchase or sale of securities that did not involve a change in the beneficial ownership of those securities, it is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, securities.

(b) Prohibition against securities market manipulation — Section 198 of the Singapore Securities and Futures Act

Under Section 198(1) of the Singapore Securities and Futures Act, no person shall effect, take part in, be concerned in or carry out directly or indirectly, two or more transactions in securities of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of the securities of the corporation on a securities market, with intent to induce other persons to subscribe for, purchase or sell securities of the corporation or of a related corporation. Section 198(2) of the Singapore Securities and Futures Act provides that transactions in securities of a corporation includes (i) the making of an offer to purchase or sell such securities of the corporation; and (ii) the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities of the corporation.

(c) Prohibition against false or misleading statements — Section 199 of the Singapore Securities and Futures Act

Under Section 199 of the Singapore Securities and Futures Act, no person shall make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for securities; (b) to induce the sale or purchase of securities by other persons; or (c) to have the effect of raising, lowering, maintaining, or stabilising the market price of securities, if, when he makes the statement or disseminates the information, (1) he either does not care whether the statement or information is true or false; or (2) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

(d) Prohibition against fraudulently inducing persons to deal in securities — Section 200 of the Singapore Securities and Futures Act

Under Section 200(1) of the Singapore Securities and Futures Act, no person shall (a) by making or publishing any statement, promise, or forecast that he knows or ought reasonably to have known to be misleading, false or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise, or forecast that is misleading, false or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic, or other device information that he knows to be false or misleading in a material particular, induce or attempt to induce another person to deal in securities. Section 200(2) of the Singapore Securities and Futures Act states that in any proceedings against a person for a contravention of Section 200(1) of the Singapore Securities and Futures Act constituted by recording or storing information as mentioned in sub-paragraph (d) of Section 200(1) above, it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

(e) Prohibition against employment of manipulative and deceptive devices — Section 201 of the Singapore Securities and Futures Act

Section 201 of the Singapore Securities and Futures Act provides that no person shall, directly or indirectly, in connection with the subscription, purchase or sale of any securities (i) employ any device, scheme or artifice to defraud, (ii) engage in any act,

practice, or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person, (iii) make any statement he knows to be false in a material particular, or (iv) omit to state a material fact necessary to make statements, in the light of the circumstances under which they were made, not misleading.

(f) *Prohibition against the dissemination of information about illegal transactions — Section 202 of the Singapore Securities and Futures Act*

Section 202 of the Singapore Securities and Futures Act provides that no person shall circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to the effect that the price of any securities of a corporation will, or is likely, to rise, fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to securities of that corporation, or of a corporation that is related to that corporation, which to his knowledge, was entered into or done in contravention of any of Sections 197 to 201 of the Singapore Securities and Futures Act or if entered into or done would be in contravention of any of Sections 197 to 201 of the Singapore Securities and Futures Act if (i) the person, or a person associated with the person, has entered into or purports to enter into any such transaction or has done or purports to do any such act or thing; or (ii) the person, or a person associated with the person, has received, or expects to receive, whether directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the information or statements.

Prohibitions Against Insider Trading

(a) *Prohibited conduct by connected person in possession of inside information — Section 218 of the Singapore Securities and Futures Act*

Pursuant to Section 218(1) of the Singapore Securities and Futures Act, where:

- (i) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities of that corporation; and
- (ii) the connected person knows or ought reasonably to know that:
 - (1) the information is not generally available; and
 - (2) if it were generally available, it might have a material effect on the price or value of those securities of that corporation,

amongst others, sub-section (2) of Section 218 of the Singapore Securities and Futures Act (as further described below) shall apply.

Pursuant to Section 218(2) of the Singapore Securities and Futures Act, a connected person must not (whether as principal or agent):

- (A) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities of a corporation to whom he is connected; or

- (B) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities of a corporation to whom he is connected.

A person is connected to a corporation if:

- (I) he is an officer of that corporation or of a related corporation;
- (II) he is a substantial shareholder in that corporation or in a related corporation;
- (III) he occupies a position that may reasonably be expected to give him access to information of a kind to which Section 218 of the Singapore Securities and Futures Act applies by virtue of:
- (a) any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
- (b) being an officer of a substantial shareholder in that corporation or in a related corporation.

(b) Prohibited conduct by other persons in possession of inside information — Section 219 of the Singapore Securities and Futures Act

Pursuant to Section 219(1) of the Singapore Securities and Futures Act, where:

- (i) a person who is not a connected person referred to in Section 218 of the Singapore Securities and Futures Act (referred to in this section as the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities; and
- (ii) the insider knows that:
- (1) the information is not generally available; and
- (2) if it were generally available, it might have a material effect on the price or value of those securities,

sub-section (2) of Section 219 of the Singapore Securities and Futures Act (as further described below) shall apply.

Pursuant to Section 219(2) of the Singapore Securities and Futures Act, the insider must not (whether as principal or agent):

- (A) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities; or

- (B) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities.

Section 220 of the Singapore Securities and Futures Act further provides that in any proceedings against a person for a contravention of Section 218 or 219, it is not necessary for the prosecution or plaintiff to prove that the accused person or defendant intended to use the information referred to in sub-paragraph (i) of Section 218(1) or sub-paragraph (i) of Section 219(1) (each as described above) in contravention of Section 218 or 219, as the case may be.

Section 216 of the Singapore Securities and Futures Act also provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

Penalties — Sections 232, 204 and 221 of the Singapore Securities and Futures Act

Section 232 of the Singapore Securities and Futures Act provides whenever it appears to the Monetary Authority of Singapore (the “**MAS**”) that any person has contravened the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above), the MAS may, with the consent of the Public Prosecutor, bring an action in a court against him to seek an order for a civil penalty in respect of that contravention. If the court is satisfied on the balance of probabilities that the person has contravened a provision which resulted in his gaining a profit or avoiding a loss, the court may make an order against him for the payment of a civil penalty of a sum (a) not exceeding three times the amount of the profit that the person gained or the amount of loss that he avoided, as a result of the contravention; or (b) equal to S\$50,000 if the person is not a corporation, or S\$100,000 if the person is a corporation, whichever is the greater. If the court is satisfied on a balance of probabilities that the person has contravened a provision which did not result in his gaining a profit or avoiding a loss, the court may make an order against him for the payment of a civil penalty of a sum not less than S\$50,000 and not more than S\$2 million.

Under Section 204 of the Singapore Securities and Futures Act, a person who contravenes Sections 197, 198, 199, 200, 201 or 202 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 204 further provides that no proceedings shall be instituted against a person for the offence after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of the contravention.

Under Section 221 of the Singapore Securities and Futures Act, a person who contravenes Section 218 or 219 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 221 further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Section 218 or 219 after a court has made an order against him for the payment of a civil penalty under Section 232 in respect of that contravention.

Civil Liability — Section 234 of the Singapore Securities and Futures Act

Section 234 of the Singapore Securities and Futures Act provides that a person who has contravened any of the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above) shall, if he had gained a profit or avoided a loss as a result of that contravention, whether or not he had been convicted or had a civil penalty imposed on him in respect of that contravention, be liable to pay compensation to any person who:

- (a) contemporaneously with the contravention, had subscribed for, purchased or sold securities of the same description; and
- (b) had suffered loss by reason of the difference between:
 - (i) the price at which the securities were dealt in or traded contemporaneously with the contravention; and
 - (ii) the price at which the securities would have been likely to have been so dealt in or traded at the time of the contemporaneous dealing or trading if:
 - (1) in any case where the contravening person had acted in contravention of Section 218 or 219, the information referred to had been generally available; or
 - (2) in any other case, the contravention had not occurred.

Extra-territoriality of the Singapore Securities and Futures Act

Section 339(1) of the Singapore Securities and Futures Act provides that where a person does an act partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against any provision of the Singapore Securities and Futures Act (which would include the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above)), that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) of the Singapore Securities and Futures Act provides that where:

- (a) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and
- (b) that act would, if carried out in Singapore, constitute an offence under the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above),

that person may be guilty of an offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

In addition, for the purposes of an action under Section 232 or 234 of the Singapore Securities and Futures Act, where a person:

- (i) does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above); or
- (ii) does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore and that act, if carried out in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of a company and insider trading (as described above),

the act shall be treated as being carried out by that person in Singapore.

Take-Over Obligations

Pursuant to written confirmation obtained by our Company from the Singapore Securities Industry Council, in light of the protections afforded to Shareholders under the Hong Kong Takeovers Code — which applies to our Company — the Singapore Code on Take-overs and Mergers does not apply to our Company.

The Singapore Securities Industry Council has, on 15 August 2016, waived the application of the provisions of the Singapore Code on Take-overs and Mergers in respect of our Company, after considering, amongst others, the protections afforded to our Shareholders under the Hong Kong Takeovers Code, which applies to our Company.

Compulsory Acquisition

Pursuant to Section 215(1) of the Singapore Companies Act, where a scheme or contract involving the transfer of all of the shares in a company to a person (“**Offer**”) has, within four (4) months after the making of the Offer by the transferee (“**Offeror**”), been approved by the holders of not less than 90% of the total number of those shares (excluding treasury shares) (other than the shares already held at the date of the Offer by the Offeror (which shall include its nominees and related corporations), the Offeror may at any time within two (2) months, give notice to any dissenting shareholder (“**Dissenting Shareholder**”) that it desires to acquire his shares. When such a notice is given, the Offeror shall, unless the Court otherwise orders on an application made by the Dissenting Shareholder within the stipulated time period, be entitled and bound to acquire those shares on the terms of the original Offer (unless otherwise specified in the Offer as being applicable to Dissenting Shareholders).

Where pursuant to an Offer, shares in the company are being transferred to the Offeror and those shares together with any other shares held by the Offeror (which shall include its nominees and related corporations) as at the date of transfer comprise or include 90% of the total number of shares in the company, Dissenting Shareholders also have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their shares.

Share Capital

The power to issue shares in a company is usually vested with our directors of that company subject to any restrictions in the constitution of that company. However, pursuant to Section 161 of the Singapore Companies Act, notwithstanding anything to the contrary in the constitution of a company, prior approval of a company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under Section 161 of the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

Pursuant to Section 64A of the Singapore Companies Act, and subject to the approval of the shareholders of a public company incorporated in Singapore by Special Resolution, different classes of shares in the public company may be issued if the issue of the class(es) of shares is provided for in the constitution of the company, and the constitution of the company sets out in respect of each class of shares the rights attached to that class of shares. Such class(es) of shares may confer special, limited or conditional voting rights, or not confer any voting rights.

Financial Assistance to Purchase Shares of a Company or its Holding Company

Generally, pursuant to Section 76 of the Singapore Companies Act, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition of that company's shares or shares in its holding company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the distribution of a company's assets by way of dividends, a distribution in the course of a company's winding up, the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act, the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares or units of shares in the company, and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in our company permitting the subscriber to make payments for the shares by instalments, an allotment of bonus shares, a redemption of redeemable shares of a company in accordance with the company's constitution, or the payment of some or all of the costs by a company listed on a securities exchange in Singapore or any securities exchange outside Singapore associated with a scheme, an arrangement or a plan under which any shareholder of the company may purchase or sell shares for the sole purpose of rounding off any odd-lots which he owns.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (i) where the amount of

financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (ii) where the giving of financial assistance does not materially prejudice the interests of the company or its shareholders or, the company's ability to pay its creditors; or (iii) where the financial assistance is approved unanimously by the shareholders of the company, provided that certain conditions and procedures under the Singapore Companies Act are also complied with.

Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.

Purchase of Shares by a Company

The Singapore Companies Act generally prohibits a company from acquiring its own shares subject to certain exceptions. Any contract or transaction by which a company acquires its own shares is void subject to the exceptions below. However, provided that it is expressly permitted to do so by its constitution and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, a company may:

- (a) redeem redeemable preference shares. Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act;
- (b) make an off-market purchase of its own shares in accordance with an equal access scheme authorised in advance at a general meeting;
- (c) make a selective off-market purchase of its own shares in accordance with an agreement authorised in advance at a general meeting by a special resolution where persons whose shares are to be acquired and their associated persons have abstained from voting;
- (d) make an acquisition of its own shares under a contingent purchase contract which has been authorised in advance at a general meeting by a special resolution; and
- (e) make a market purchase of its own shares which has been authorised in advance at a general meeting.

A company may also purchase its own shares by an order of a Singapore court.

The total number of ordinary shares that may be purchased by a company in a relevant period may not exceed 20% of the total number of ordinary shares in that class as at the date of the resolution passed pursuant to the relevant share purchase provisions under the Singapore Companies Act. Where, however, the company has reduced its share capital by a special resolution of the general meeting or a Singapore court made an order to such effect, the total number of ordinary shares shall be taken to be the total number of ordinary shares in that class as altered by the special resolution or the order of the court. Payment may be made out of the company's profits or capital, provided that the company is solvent.

Where ordinary shares are re-purchased, such shares may be held as treasury shares or cancelled as provided in the Singapore Companies Act. Treasury shares may be dealt with in such manner as may be permitted under the Singapore Companies Act. On cancellation of the shares, the rights and privileges attached to those shares will expire.

Dividends and Distributions

Section 403 of the Singapore Companies Act provides that no dividends may be paid to shareholders of a company except out of the company's profits. Section 76J(4) of the Singapore Companies Act provides that no dividend may be paid, and no other distribution (whether in cash or otherwise) of a company's assets may be made to the company in respect of shares held by a company as treasury shares.

Minority Protection

Section 216 of the Singapore Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any shareholder of a company, as they think fit to remedy any of the following situations:

- (a) if the affairs of the company are being conducted or the powers of the board of directors are being exercised in a manner oppressive to, or in disregard of the interest of, one or more of the shareholders including the applicant or in disregard of his or their interests as shareholders of the company; or
- (b) if the company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
- (ii) regulate the conduct of the affairs of the company in the future;
- (iii) authorise civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the court may direct;
- (iv) direct the company or some of its shareholders to purchase a minority shareholder's shares and, in the case of the company's purchase of shares, a corresponding reduction of the company's share capital;
- (v) provides that the company's constitution be amended; or
- (vi) provide that the company be wound up.

Disposal of Assets

Under Section 160 of the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's constitution.

Accounting and Auditing Requirements

Section 199 of the Singapore Companies Act provides that every company must keep accounting and other records that will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements to be prepared.

Exchange Controls

As at the date of this prospectus, no exchange control restrictions are in effect in Singapore.

Members' Requisition to Convene Extraordinary General Meetings

Section 176 of the Singapore Companies Act provides that members of a company holding not less than 10.0% of the total number of paid up shares of a company carrying the right to vote at general meetings or, in the case of a company not having a share capital, members representing not less than 10% of the total voting rights of all members having a right to vote at general meetings, may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months after the receipt by the company of the requisition.

Section 183 of the Singapore Companies Act provides that (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may request a company to give to members entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting, and circulate to members entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Loans to directors

Subject to specified exceptions, a company (other than an exempt private company) is prohibited from making a restricted transaction. Restricted transactions include making a loan or quasi-loan to a director (and to the spouse or natural, step or adopted child of any such director) of the company or a related company ("**relevant director**"), entering into any guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person, entering into a credit transaction as creditor for the benefit of a relevant director, entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a

relevant director, taking part in an arrangement under which another person enters into a transaction that, if it had been entered into by a company, would have been a restricted transaction, and that person obtains a benefit from a company or a related company, or arranging the assignment to a company, or assumption by a company, of any rights, obligations or liabilities under a transaction that, if entered into by a company, would have been a restricted transaction.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

Subject to specified exceptions, a company (the “**first mentioned company**”) (other than an exempt private company) is also prohibited from making loans or quasi-loan to connected persons, entering into any guarantee or providing any security in connection with a loan or quasi-loan made to connected persons by a third-party, entering into a credit transaction for the benefit of connected persons or, entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of connected persons. Connected persons of the first mentioned company include companies in which the director(s) of the first mentioned company, individually or collectively, have an interest in 20.0% or more (as determined in accordance with the Singapore Companies Act).

This prohibition does not apply to:

- (a) anything done by a company where the other company is its subsidiary, holding company or a subsidiary of its holding company; or
- (b) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

Inspection of Corporate Records

Pursuant to Section 192(2) of the Singapore Companies Act, the register of members of a public company incorporated in Singapore shall be open to the inspection of any member without charge.

Register of Members

Pursuant to Sections 190 and 191 of the Singapore Companies Act, a public company must keep a register of members at its registered office (the “**principal register**”). In addition, Section 196 of the Singapore Companies Act provides that a public company having a share capital may keep a branch register of members (the “**branch register**”) outside Singapore. Such branch register is deemed to be part of the company’s principal register and a duplicate of the branch register will be kept at the same office as the principal register.

Register of Directors, Chief Executive Officers, Secretaries and Auditors

Pursuant to Section 173 of the Singapore Companies Act, the register of a company’s directors, chief executive officers, secretaries and auditors (if any) shall be kept by the Registrar of Companies.

Winding Up and Dissolution

The winding up of a company may be done in the following ways:

- (a) members' voluntary winding up;
- (b) creditors' voluntary winding up;
- (c) court compulsory winding up; and
- (d) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

The type of winding up depends, inter alia, on whether the company is solvent or insolvent.

A company may be dissolved:

- (i) through the process of liquidation pursuant to the winding up of the company;
- (ii) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or
- (iii) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

Mergers and Similar Arrangements

Section 212 of the Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order that the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to companies incorporated in Singapore.

Sections 215A to 215J of the Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating company must make a solvency statement in relation to both the amalgamating company and the amalgamated company.

Indemnification

Subject to specified exceptions, Section 172 of the Singapore Companies Act prohibits a company from indemnifying its officers (including directors acting in an executive capacity) against liability, which by law would otherwise attach to them in connection with any negligence, default, breach of duty or breach of trust in relation to that company. A company is not prohibited from (a) purchasing and maintaining for its officers insurance against any such liability; and (b) indemnifying its officers against third party liability, except in circumstances where such liability is for any criminal or regulatory fines or penalties, or where such liability is incurred in respect of (i) the officer defending criminal proceedings in which he is convicted; (ii) the officer defending civil proceedings brought by a company or a related company in which judgment is given against him; or (iii) in connection with any application under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant the officer relief.

C. SHAREHOLDERS PROTECTION

Our Company was incorporated in Singapore and is subject to the Singapore Companies Act and other applicable laws and regulations in Singapore. Our Directors have been advised that the protections available to our Shareholders under our Constitution and the applicable Singapore laws and regulations are not materially different from those offered under Hong Kong laws. Set out below is a discussion on the key shareholders' protection standards offered under our Constitution and the Singapore laws and regulations that we consider material to our Shareholders and potential investors and as required under the Joint Policy Statement.

Matters requiring a Super-Majority Vote

The Joint Policy Statement requires the following matters to be approved by a super-majority vote of the shareholders:–

- (a) changes to rights attached to any class of shares of an overseas company (vote by members of that class);*
- (b) material changes to an overseas company's constitutive documents, however framed; and*
- (c) voluntary winding up of an overseas company*

Variation of rights

Our Constitution provides that changes to the rights attached to any class of Shares shall only be made, varied or abrogated with a special resolution passed at a separate general meeting of the holders of the Shares at that class (the quorum being two persons at least holding one-third of the issued shares of that class) or with the written consent obtained from the holders of three-fourths of the issued shares of that class within two months of the general meeting. It shall also be noted that upon Listing, our Company is expected to issue one class (being Ordinary Shares) of Shares only. The requirements in relation to class meetings set out in the Joint Policy Statement are therefore not applicable to our Company.

Changes to our Constitution

Section 26(1) of the Singapore Companies Act and our Constitution provides that the Constitution shall only be altered or added by a special resolution.

Winding-up

Section 290(1) of the Singapore Companies Act provides that voluntary winding-up can be done only (i) if a special resolution is passed; or (ii) in accordance with a company's constitution and the company has passed a resolution in general meeting accordingly. Our Constitution further provides that distribution of assets in specie pursuant to a winding up of our Company (whether the liquidation is voluntary under the supervision or by the court) shall only be authorised by a special resolution.

Meanings of a Super-Majority Votes

The Joint Policy Statement requires a super-majority vote to mean at least a two-third majority where an overseas company has a low quorum requirement. When an overseas company's threshold for deciding the matters in "— Matter requiring a super-majority vote" above is a simple majority only, these matters must be decided by a significantly higher quorum.

Under section 184 of the Singapore Companies Act, a special resolution means a majority of not less than three-fourths. Our Constitution provides that the quorum for a general meeting is two Shareholders, except for a special resolution for variation of rights which requires a higher quorum.

Individual Members to Approve Increase in Members' Liability

The Joint Policy Statement requires that there should not be any alteration in an overseas company's constitutional document to increase an existing member's liability to the company unless such increase is agreed by such member in writing.

Our Constitution provides that there should not be any alteration in our Constitution to increase an existing Shareholder's liability to our Company unless such increase is agreed by such Shareholder in writing.

Appointment of Auditors

The Joint Policy Statement requires that the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two-tier board structure.

Appointment

Section 205(2) of the Singapore Companies Act provides that a company shall, at each annual general meeting and with an ordinary resolution, appoint an accounting entity or accounting entities to be the auditor or auditors of such company, which shall hold office until the conclusion of the next annual general meeting.

Removal

Section 205(4) of the Singapore Companies Act provides that an auditor may be removed from office by an ordinary resolution at a general meeting of which special notice is given. Under section 185 of the Singapore Companies Act, special notice means not less than 28 days' notice before the meeting at which the resolution is moved, or, if that is not practicable, notice shall be given, in any manner allowed by our Constitution, not less than 14 days before the meeting, but if after notice of the intention to move such a resolution has been given to our Company, a meeting is called for a date 28 days or less after the notice has been given, the notice, although not given to our Company within the time required by this section, shall be deemed to be properly given.

Remuneration

Subject to approval by Shareholders at a general meeting, the remuneration of an auditor is determined by our Audit Committee, the members of which are two independent non-executive Directors and one non-executive Director.

Annual General Meetings

The Joint Policy Statement requires that an overseas company is required to hold a general meeting each year as its annual general meeting. Generally not more than 15 months should elapse between the date of one annual general meeting of the overseas company and the next.

Section 175 of the Singapore Companies Act provides that a company is required to hold a general meeting each year as its annual general meeting within 15 months from the last annual general meeting.

Notice of General Meetings

The Joint Policy Statement requires an overseas company to give its members reasonable written notice of its general meetings.

Under our Constitution, a general meeting (including annual and extraordinary general meetings) must be called by notice of not less than 21 clear days and not less than 20 clear business days except as permitted under the Singapore Companies Act and the GEM Listing Rules. We have considered (i) the provisions under the Companies Ordinance currently in force as applicable to Hong Kong-incorporated companies (which is currently at least 14 days); (ii) the shareholding structure of our Company; and (iii) the specific facts and circumstances that are applicable to our Company and the Listing, and have concluded that the 21-day notice period for general meetings that is applicable to our Company is reasonable as required under the Joint Policy Statement.

Material Interests in a Transaction

The Joint Policy Statement requires that all members must have the right to speak and vote at a shareholder meeting except where a member is required, by the GEM Listing Rules, to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interests in the transaction or arrangement).

Under our Constitution, where our Company has knowledge that any Shareholder is, under the GEM Listing Rules or the Takeovers Code, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Rights to Request for an Extraordinary General Meeting

The Joint Policy Statement requires that members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%.

Under section 176(1) of the Singapore Companies Act, shareholders holding not less than 10% of the total number of paid-up shares as at the date of the deposit of the requisition carrying the right of voting at general meetings, may requisition for an extraordinary general meeting. The directors must convene the meeting no later than two months upon receipt by the company of the requisition.

Proxies or Corporate Representatives

The Joint Policy Statement requires that a recognised Hong Kong clearing house must be entitled to appoint proxies or corporate representatives to attend general meetings and creditors meetings. These proxies/corporate representatives should enjoy statutory rights comparable to those of other shareholders, including the right to speak and vote.

Under section 181 of the Singapore Companies Act, a shareholder of a company entitled to attend and vote at a general meeting shall be entitled to appoint another person, whether a shareholder or not, as his proxy to attend and vote instead of him at the meeting and a proxy shall also have the same rights as the shareholder to speak at the meeting. Our Constitution also provides that a Shareholder who is a clearing house or its nominee(s) may appoint two or more proxies to attend and vote at a general meeting but each proxy shall be appointed to exercise the rights attached to a different Share or Shares held by the Shareholder.

D. GENERAL

Bird & Bird ATMD LLP, our Company's legal counsel as to Singapore laws, have sent to our Company a letter of advice summarising certain aspects of our Constitution and salient provision of Singapore laws. This letter, together with a copy of the Singapore Companies Act, is available for inspection as referred to in "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection". Any person wishing to have a detailed summary of Singapore company laws or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated with limited liability in Singapore under the Singapore Companies Act on 21 February 2006. Accordingly, we operate subject to Singapore laws and our constitutional document comprises our Constitution. A summary of various provisions of our Constitution and relevant aspects of Singapore laws are set out in Appendix III to this prospectus.

Our registered address in Singapore is 1 Fusionopolis View, Sandcrawler #08-02, Singapore 138577 and we have established a place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 29 September 2016. Mr. KWOK Siu Man (郭兆文) has been appointed as our agent for the acceptance of service of process in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong (as set out above).

Our Company was converted into a “public company limited by shares” under the Singapore Companies Act on 25 November 2016 and our name was changed to “Anacle Systems Limited” on the same day.

2. Changes in the capital structure of our Company

Upon Listing, our issued share capital will comprise fully-paid Ordinary Shares. Under the Singapore Companies Act, companies incorporated in Singapore do not have an authorised share capital and there is no concept of par value in respect of the issued shares. As at the date of this prospectus, our issued and paid-up capital is approximately S\$6,924,998.

Our Company was incorporated on 21 February 2006 under the laws of Singapore with limited liability. Upon incorporation, our Company had two issued Ordinary Shares, which were issued and allotted, credited as fully-paid, to our Founders.

Since the date of incorporation, the following changes have been made to our Company’s share capital:

- (a) on 1 August 2006, 799,999 Ordinary Shares were issued to Mr. Lau at a consideration of S\$7,999;
- (b) on 1 August 2006, 199,999 Ordinary Shares were issued to Mr. Ong at a consideration of S\$1,999;
- (c) on 27 September 2006, 300,000 Series A Preference Shares were issued to our Series A Investors at an aggregate consideration of S\$300,000;
- (d) on 10 September 2007, 217,392 Series B Preference Shares were issued to our Series B Investors at an aggregate consideration of S\$250,000.80;
- (e) on 21 January 2008, 217,390 Series B Preference Shares were issued to our Series B Investors at an aggregate consideration of S\$249,998.50;

- (f) on 5 March 2010, 722,823 Series C Preference Shares were issued to our Series C Investors at an aggregate consideration of S\$1,125,001.72;
- (g) on 18 December 2013, 824,117 Series D Preference Shares were issued to our Series D Investors at an aggregate consideration of S\$4,955,000;
- (h) on 7 June 2016, 5,734 Series D Preference Shares were issued to iGlobe upon exercise of the first tranche of warrants at an aggregate consideration of S\$34,997.47; and
- (i) on 24 November 2016, our Shareholders resolved that each issued and allotted Ordinary and Preference Share of nil par value was sub-divided into 91 Shares of nil par value with immediate effect so that the total number of issued Shares of our Company increased from 3,287,456 Shares to 299,158,496 Shares.

As a consequence of the foregoing transactions, as at the date of this prospectus, a total of 299,158,496 Shares are issued. The shareholder composition of our Company is set out in "History and Development — Our Shareholders".

Assuming that the Placing becomes unconditional and the Placing Shares are issued (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be allotted and issued upon exercise of any Pre-IPO Share Options and Post-IPO Share Options), the total number of Shares issued by us will be 399,158,496 Shares.

On the basis that the Offer Size Adjustment Option is exercised in full and no Pre-IPO Share Option or, Post-IPO Share Option has been exercised, the total number of Shares issued by us will be 414,158,496 Shares.

Save as disclosed in this Appendix, there has been no alternation to our share capital since the date of our incorporation.

3. Changes in capital structure of our subsidiaries

Our subsidiaries are Anacle Malaysia and Anacle India, all of which are directly wholly-owned by us.

(a) Anacle Malaysia

- (i) Anacle Malaysia was incorporated on 10 October 2012 under the laws of Malaysia with limited liability. On incorporation, Anacle Malaysia issued and allotted, credited as fully-paid, two subscriber shares of RM1 each to our Founders, which were subsequently transferred to our Company on 10 May 2013 at an aggregate consideration of RM2, which was a nominal amount.
- (ii) On 10 May 2013, 99,998 shares of RM1 each in Anacle Malaysia were further issued and allotted, credited as fully-paid, to our Company at a consideration of RM99,998, which was a nominal amount.
- (iii) The authorised share capital of Anacle Malaysia has been RM100,000 divided into 100,000 shares of RM1 each since incorporation.

(b) Anacle India

- (i) Anacle India was incorporated on 26 June 2014 under the laws of India with limited liability.
- (ii) On incorporation, one share and 9,999 shares, respectively, were issued and allotted, credited as fully-paid, to Mr. Jindhar CHOUGULE and our Company.
- (iii) The beneficial ownership of the one share was subsequently transferred by Mr. Jindhar CHOUGULE to our Company at nil consideration on 14 August 2014.
- (iv) The authorised share capital of Anacle India has been Rs.100,000 divided into 10,000 shares of Rs.10 each since incorporation.

Save as disclosed in this Appendix, there has been no alternation to the share capital of our subsidiaries since their respective dates of incorporation.

4. Shareholding Restructuring

In preparation for the Listing, our Group underwent the Shareholding Restructuring to streamline the ownership structure of our Group and comply with the requirements of the GEM Listing Rule. Our Shareholding Restructuring involved the following steps:

- (1) **Exercise of the first tranche of warrants:** On 31 May 2016, in anticipation of the Listing, iGlobe served an exercise notice to our Company on, amongst others, (i) their intention to exercise the first tranche of warrants; (ii) their acceptance to the allotment of 5,734 Series D Preference Shares; and (iii) their surrender of the existing warrant certificates. The exercise monies of S\$34,977.47, calculated at approximately S\$6.1035 per Series D Preference Share, which is identical to the subscription price under the Series D Pre-IPO Investment, were received by our Company and irrevocably settled by iGlobe on 6 June 2016. 5,734 Series D Preference Shares were issued on 7 June 2016.
- (2) **Conversion of Preference Shares into Ordinary Shares:**
 - (i) On 21 July 2016, our Pre-IPO Investors served a conversion notice to our Company subjecting the Preference Shares held by them to an automatic and mandatory conversion into Ordinary Shares on the Listing Date. Each Pre-IPO Investor is entitled to one Ordinary Share for each Preference Share he/she/it holds on the Listing Date. The Preference Shares will be cancelled and converted into Ordinary Shares on the Listing Date immediately prior to the commencement of dealings on the GEM of the Stock Exchange.
 - (ii) On 21 July 2016, our Shareholders entered into the Supplemental Shareholders' Agreement, pursuant to which our Shareholders agreed to terminate the Shareholders' Agreement on the date on which our Preference Shares are converted into Ordinary Shares (i.e. the Listing Date) so that all Special Rights and Obligations will be terminated prior to the Listing.

- (iii) On 21 July 2016, our Shareholders passed a resolution in writing to amend our then existing constitution to the effect that the anti-dilution protection rights granted to our Pre-IPO Investors were cancelled with immediate effects.

5. Written Resolutions of our Shareholders dated 24 November 2016

On 24 November 2016, our Shareholders resolved in writing, amongst others and in summary, that:

- (a) conditional upon (1) the Stock Exchange granting the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Placing, the Offer Size Adjustment Option, the Pre-IPO Share Options and Post-IPO Share Options and such listing and permission not subsequently having revoked prior to commencement of dealing in the Shares on the Stock Exchange; (2) the final Placing Price having been fixed on or around the Price Determination Date; (3) the execution and delivery of the Underwriting Agreement on or around 29 November 2016; and (4) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (acting for itself and on behalf of the Underwriters)) and not having been terminated in accordance with the terms therein, on or before such dates as may be specified in such agreement:
 - (i) the Placing was approved and our Directors were authorised to approve the allotment and issue of the Shares pursuant to the Placing on and subject to the terms and conditions thereof as set out in this prospectus;
 - (ii) the proposed Listing of the Shares on the GEM of the Stock Exchange was approved and our Directors were authorised to implement the Listing;
 - (iii) the Offer Size Adjustment Option was approved and our Directors were authorised to effect the same and to allot and issue such number of Shares upon exercise of the Offer Size Adjustment Options;
 - (iv) the issue of the 100,000,000 Placing Shares and up to 115,000,000 Shares upon exercise of the Offer Size Adjustment Option were approved;
 - (v) the Issuing Mandate, which is a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make and grant offers, agreements and options, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to (i) a rights issue, or (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Constitution; or (iii) any specific authority granted by our Shareholders in general meeting(s); or (iv) the exercise of Post-IPO Share Options or any arrangement which may be regulated under Chapter 23 of the GEM Listing Rules, an aggregate number of Shares of not exceeding 20% of the total number of Shares issued by our Company immediately upon completion of the Placing, such mandate to remain in effect until the conclusion of our next annual general meeting

unless by resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by our Constitution or any applicable law in Singapore to be held, or when revoked or varied by a resolution of our Shareholders in a general meeting, whichever occurs first;

- (vi) the Repurchase Mandate, which is a general unconditional mandate was given to our Directors authorising them to exercise all powers to repurchase on the Stock Exchange or on any other approved stock exchange on which our securities may be listed and which is recognised by the SFC and Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the GEM Listing Rules or of any other stock exchange on which our securities may be listed, as amended from time to time such number of Shares will represent up to 10% of the total number of Shares issued by our Company immediately upon completion of the Placing, such mandate to remain in effect until the conclusion of our next annual general meeting unless by resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by our Constitution or any applicable law of Singapore to be held, or until revoked or varied by a resolution of our Shareholders in a general meeting, whichever occurs first;
 - (vii) the Issuing Mandate in paragraph (v) above be extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to the Issuing Mandate of an amount representing the aggregate number of Shares repurchased by us pursuant to the Repurchase Mandate referred in paragraph (vi) above; and
 - (viii) the Post-IPO Share Option Scheme, the principal terms of which are set out in “— G. Post-IPO Share Option Scheme” in this Appendix below, were approved and adopted and our Directors or any committee established by our Board was authorised, at their sole discretion, to (aa) administer Post-IPO Share Option Scheme; (bb) modify/amend the Post-IPO Share Option Scheme from time to time as required by the Stock Exchange; (cc) grant Post-IPO Share Options to subscribe for Shares under the Post-IPO Share Option Scheme up to the limits referred to in the Post-IPO Share Option Scheme; (dd) allot, issue and deal with the Shares pursuant to the exercise of any of the Post-IPO Share Options which may be granted under the Post-IPO Share Option Scheme; (ee) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the Post-IPO Share Options granted under the Post-IPO Share Option Scheme; and (ff) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Post-IPO Share Option Scheme;
- (b) our Constitution were adopted in substitution of and to the exclusion of the existing constitution of our Company with effect from the date on which our Company is converted into a public company;

- (c) each issued and allotted Share of nil par value was sub-divided into 91 Shares of nil par value with immediate effect so that the total number of issued Shares of our Company increased from 3,287,456 Shares to 299,158,496 Shares;
- (d) our Company was converted into a “public company limited by shares” under the Singapore Companies Act and renamed “Anacle Systems Limited” with immediate effects; and
- (e) Mr. Elango SUBRAMANIAN, Mr. Alwi Bin ABDUL HAFIZ and Mr. LI Man Wai were appointed as our independent non-executive Directors.

B. REPURCHASE OF OUR SHARES

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

1. Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

Under the GEM Listing Rules, all proposed repurchase of securities (which, under the GEM Listing Rules and the Companies Ordinance, must be fully paid-up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Constitution and the GEM Listing Rules and the applicable laws of Singapore. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The GEM Listing Rules also prohibit a listed company from

repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) *Suspension of Repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(e) *Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(f) *Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "*core connected person*", that is, a director, chief executive or substantial shareholder of a company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to a company.

(g) *Status of Repurchased Shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed.

Salient provisions on the repurchase of Shares by our Company under the Singapore laws are set out in "Appendix III — Summary of our Constitution and Salient Provisions of Singapore laws — B. Salient Provisions of Singapore laws — Purchase of shares by a Company".

2. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to have general authority from our Shareholders to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value and the assets of our Company and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders of our Company as a whole.

3. Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Constitution, the GEM Listing Rules and the applicable laws of Singapore. On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

4. Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 399,158,496 Shares in issue after completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), could accordingly result in up to 39,915,849 Shares being repurchased by us during the period prior to the earliest of:

- (a) the conclusion of our next annual general meeting;
- (b) the expiration of the period within which our next annual general meeting is required by our Constitution or the Singapore Companies Act or any other applicable laws of Singapore to be held; or
- (c) the revocation or variation of the Repurchase Mandate by a resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to us or our subsidiaries.

5. Takeovers Code implications

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of us is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as mentioned

above, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No core connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the warrant termination agreement entered into between our Company and BAF Spectrum Pte. Ltd. on 4 October 2016, pursuant to which 18,732 warrants in our Company were cancelled and rendered null and void by BAF Spectrum Pte. Ltd. in consideration for S\$170,925;
- (b) the warrant termination agreement entered into between our Company and iGlobe on 4 October 2016, pursuant to which 38,730 warrants in our Company were cancelled and rendered null and void by iGlobe in consideration for S\$353,402;
- (c) the warrant termination agreement entered into between our Company and Majuven Fund 1 Ltd. on 4 October 2016, pursuant to which 40,101 warrants in our Company were cancelled and rendered null and void by Majuven Fund 1 Ltd. in consideration for S\$365,911;
- (d) the warrant termination agreement entered into between our Company and LEE Ching Yen Stephen on 4 October 2016, pursuant to which 494 warrants in our Company were cancelled and rendered null and void by LEE Ching Yen Stephen in consideration for S\$4,507;
- (e) the warrant termination agreement entered into between our Company and LIM Ho Kee on 4 October 2016, pursuant to which 247 warrants in our Company were cancelled and rendered null and void by LIM Ho Kee in consideration for S\$2,255;
- (f) the Deed of Non-competition executed by each of our Controlling Shareholders (as covenantors) and our Company on 28 November 2016, pursuant to which our Controlling Shareholders have provided certain non-competition undertakings to our Company as detailed in "Relationship with our Controlling Shareholders — Deed of Non-Competition";
- (g) the Deed of Indemnities executed by each of our Controlling Shareholders (as indemnifiers) and our Company on 28 November 2016, pursuant to which our Controlling Shareholders have provided certain tax indemnities to our Company as detailed in "— H. Other Information — 15. Tax Indemnities given by our Controlling Shareholders" in this Appendix below;

- (h) the lock-up agreement entered into among iGlobe, Majuven Fund 1 Ltd., OWW Investments III Limited, Mr. LEE Ching Yen Stephen, Mr. LIM Ho Kee (together as investors), our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on 28 November 2016, pursuant to which the investors have provided a non-disposal undertaking to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) for a period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date in consideration for our Company, the Sole Global Coordinator and the Underwriters taking part in and proceeding with the Placing, as detailed in “Underwriting — Underwriting Arrangements and Expenses — Undertakings under the Lock-up Agreement”; and
- (i) the Underwriting Agreement entered into among our Company, our executive Directors, our Controlling Shareholders, KGI, Crosby Securities Limited, Head & Shoulders Securities Limited and the Underwriters on 29 November 2016 in relation to the Placing, particulars of which are set out in “Underwriting”.

2. Our material intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, we were the registered owner of the following trademarks in Singapore and Hong Kong which we believe are material to our business:

Trademark	Place of registration	Class	Registration number	Registration date	Expiry date
	Singapore	9	T1208860C	22 June 2012	22 June 2022
	Singapore	9, 42	T1208862Z	22 June 2012	22 June 2022
BIG SPACE MONSTER	Singapore	43	T1409376J	18 June 2014	18 June 2024
^A 	Hong Kong	9, 42	303765745	4 May 2016	3 May 2026
^A 					
^A 	Hong Kong	9	303765736	4 May 2016	3 May 2026
^B 					

As at the date of this prospectus, we had applied for the registration of the following trademarks in Hong Kong and Singapore which we believe are material to our business:

Trademark	Place of application	Class	Application number	Filing date
[^] starlight [^] starlight	Hong Kong	9, 42	303765727	4 May 2016
space monster	Singapore	43	40201613463V	19 August 2016

(b) Domain names

As at the Latest Practicable Date, we were the registered owner of the following domain names which we believe are material to our business:

www.anacle.com
 www.bigspacemonster.com
 www.mybill.com.sg
 www.mybill.sg
 www.spacemonster.com.sg
 www.spacemonster.sg

(c) Patents

As at the Latest Practicable Date, we were the registered owner of the following patent in Singapore which we believe is material to our business:-

Patent	Place of registration	Registration number	Registration date	Expiry date
Patent granted for Improvements to an Ad-Hoc System and a Method thereof	Singapore	P-No. 138475	9 June 2006	9 June 2017

As at the Latest Practicable Date, we had applied for the registration of the following patents in Singapore which we believe are material to our business:

Patent	Place of application	Application number	Filing date
All-in-one Installation DIN Rail, DIN Panel Wall Mounting	Singapore	10201606330T	1 August 2016

Patent	Place of application	Application number	Filing date
Capacitive Touchscreen for Power Meter/Class II Low Voltage Electrical Instrument	Singapore	10201606329P	1 August 2016
Universal Sensor/Controller Platform with App Eco-system	Singapore	10201606328Y	1 August 2016

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests of our Directors and chief executives in our share capital and our associated corporations following the Placing*

The following table sets out the interests of our Directors immediately following the completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon the exercise of the Pre-IPO Share Options and Post-IPO Share Options) in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, once the Shares are listed:

Name of Directors/ Chief Executive	Capacity/ nature of interest	Relevant company (including associated corporation)	Number and class of Shares immediately after the Placing	Approximate percentage of shareholding in the total number of issued shares of the relevant company after the Placing (note)
Mr. Lau	Beneficial interest	Our Company	45,500,000 (Ordinary)	11.40%

Name of Directors/ Chief Executive	Capacity/ nature of interest	Relevant company (including associated corporation)	Number and class of Shares immediately after the Placing	Approximate percentage of shareholding in the total number of issued shares of the relevant company after the Placing (note)
Mr. Ong	Beneficial interest	Our Company	22,750,000 (Ordinary)	5.70%

Note: The calculation of the shareholding percentage is approximate and subject to rounding.

(b) Interests of our substantial Shareholders in the Shares which are disclosable under Division 2 and 3 of Part XV of the SFO

Immediately following the completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), so far as our Directors are aware, the following persons (not being a Directors or a chief executive of us) will have an interests or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the total number of Shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/nature of interest	Relevant company (including associated corporation)	Number and class of Shares immediately after the Placing	Approximate percentage of shareholding in the total number of issued Shares of the relevant company after the Placing⁽⁶⁾
NG Yen Yen	Interest of a spouse ⁽¹⁾	Our Company	45,500,000 (Ordinary)	11.40%
Anna LAU Wu You	Interest of a child ⁽²⁾	Our Company	45,500,000 (Ordinary)	11.40%
Sara LAU Xiao Yu	Interest of a child ⁽³⁾	Our Company	45,500,000 (Ordinary)	11.40%

Name	Capacity/nature of interest	Relevant company (including associated corporation)	Number and class of Shares immediately after the Placing	Approximate percentage of shareholding in the total number of issued Shares of the relevant company after the Placing⁽⁶⁾
Alex LAU Xuan Ye	Interest of a child ⁽⁴⁾	Our Company	45,500,000 (Ordinary)	11.40%
LIM Lay Hong	Interest of a spouse ⁽⁵⁾	Our Company	22,750,000 (Ordinary)	5.70%
BAF Spectrum Pte. Ltd.	Beneficial interest	Our Company	39,565,162 (Ordinary)	9.91%
iGlobe	Beneficial interest	Our Company	82,326,335 (Ordinary)	20.62%
Majuven Fund 1 Ltd.	Beneficial interest	Our Company	36,528,219 (Ordinary)	9.15%
OWW Investments III Limited	Beneficial interest	Our Company	20,873,307 (Ordinary)	5.23%

Notes:

- (1) Ms. NG Yen Yen is Mr. Lau's spouse and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Anna LAU Wu You is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (3) Ms. Sara LAU Xiao Yu is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (4) Mr. Alex LAU Xuan Ye is Mr. Lau's son under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in our Company pursuant to the disclosure requirements of the SFO.
- (5) Ms. LIM Lay Hong is Mr. Ong's spouse and is deemed to be interested in the shareholding interests of Mr. Ong in our Company pursuant to the disclosure requirements of the SFO.
- (6) The calculation of the shareholding percentage is subject to rounding.

Save as disclosed in this paragraph, our Directors are not aware of any persons who will, immediately following completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the total number of Shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

(c) Negative statement regarding interests in securities

None of our Directors or our chief executive will immediately following the completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options) have any disclosure interests (as referred to in (a) above), other than as disclosed at (a) above.

Taking no account of Shares which may be taken up under the Placing, none of our Directors knows of any persons who will immediately following the completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (b) above.

2. Particulars of Directors' service agreements and letters of appointment

Each of our executive Directors has signed a service agreement with us for an initial term of three years, commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the relevant service agreement).

The annual remuneration payable to our executive Directors by our Group (excluding discretionary bonus) is as follows:

Director	Remuneration (per annum)
Mr. Lau	S\$187,690
Mr. Ong	S\$183,090

Each of our non-executive Director has signed a letter of appointment with us for an initial term of three years, commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

The annual remuneration payable to our non-executive Director by our Group (excluding discretionary bonus) is as follows:

Director	Remuneration (per annum)
Prof. WONG Poh Kam	S\$25,000
Mr. LEE Suan Hiang	S\$25,000
Mr. Robert CHEW	S\$25,000

Each of our independent non-executive Directors has signed a letter of appointment with us for an initial term of three years, commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the relevant letters of appointment).

The annual remuneration payable to each of our independent non-executive Directors is as follows:

Director	Remuneration (per annum)
Mr. Alwi Bin ABDUL HAFIZ	S\$25,000
Mr. Elango SUBRAMANIAN	S\$25,000
Mr. LI Man Wai	S\$25,000

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Agency fees or commission

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any share or loan capital of us or any of our subsidiaries.

4. Related party transactions

For details of the related party transactions, see the Note 35 to the Accountants' Report set out in Appendix I to this prospectus. Our Directors have confirmed that all related party transactions are conducted on normal commercial terms, and that their terms and fair and reasonable.

E. DISCLAIMERS

Save as disclosed herein:

- (a) None of our Directors or chief executives has any interest or short position in the shares, underlying shares or debentures of us or any of our associated corporation (within the meaning of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO of which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) None of our Directors or experts referred to in the section headed "H. Other Information — 7. Qualifications of Experts" in this Appendix has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any members of our Group;
- (c) None of our Directors or experts referred to in the section headed "H. Other Information — 7. Qualifications of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) None of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) Taking into account Shares which may be taken up under the Placing or upon the exercise of the Offer Size Adjustment Option and any Pre-IPO Share Options or Post-IPO Share Option, none of our Directors knows of any person (not being a Director or chief executive of us) who will, immediately following the completion of the Placing, have an interest or short position in the shares or underlying shares of us which would fall to be disclosed to us under the provisions of Division of 2 and 3 of Part XV of the SFO or to be interested, directly or indirectly, in 10% or more of the total number of Shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group;
- (f) None of the experts referred to under the section headed "H. Other Information — 7. Qualifications of Experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) So far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or shareholders who are interested in more than 5% of our share capital have any interests in the five largest customers or the five largest suppliers of our Group.

F. PRE-IPO ESOPs

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

Starting from 10 March 2010 our Company granted Pre-IPO Share Options to Mr. Lau, Mr. Ong, four members of our senior management and six other current/former employees as a reward for their continual services. 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 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 our Company become listed on a stock exchange. As at the Latest Practicable Date, all of these Pre-IPO Share Options had not been exercised and remained outstanding.

We have adopted two Pre-IPO ESOPs, each with the approval of our Board of Directors. The principal terms of the two Pre-IPO ESOPs, which are substantially identical to each other, are as follows:

1. Administration

- (a) The Pre-IPO ESOPs shall be established by our Board and administered by our chief executive officer of our Company as the plan administrator (the "**Plan Administrator**").
- (b) The Plan Administrator shall have full power and authority (subject to the provisions of the Pre-IPO ESOPs) to establish such rules and regulations as it may deem appropriate for the proper plan administration and to make such determinations under, and issue such interpretations of, the Pre-IPO ESOPs and any outstanding Pre-IPO Share Option granted as it may deem necessary.
- (c) The Plan Administrator shall have full authority to determine, with respect to the Pre-IPO Share Option granted under the Pre-IPO ESOPs, which eligible individuals are to receive the Pre-IPO Share Options, the number of shares to be covered by each such grant, the time or times at which each granted Pre-IPO Share Option is to become exercisable and the maximum term for which it may remain outstanding.
- (d) Decisions of the Plan Administrator shall be conclusive and binding on all parties who have an interest in the Pre-IPO ESOPs or any outstanding Pre-IPO Share Options.

2. Grantee

The persons eligible to receive grants of Pre-IPO Share Options pursuant to the Pre-IPO ESOPs (each a "**Grantee**") are limited to the following:

- (a) officers and Directors of our Company who render services that contribute to the success and growth of our Company or that reasonably may be anticipated to contribute to the future success and growth of our Company (the "**Key Employee**"), or;
- (b) non-executive Directors of our Company, independent consultants or advisor, or independent contractors who provide valuable services to our Company.

3. Ordinary Shares

The Share(s) issued upon exercise of the Pre-IPO Share Options shall be part of the Ordinary Shares.

4. Maximum Number of Shares Available for Subscription

- (a) The maximum number of Shares that may be issued over the term of the Pre-IPO ESOPs shall not exceed 10% of the issued share capital of our Company, unless otherwise approved by our Board. The total number of Shares issued upon the exercise of Pre-IPO Share Options shall be subject to adjustment from time to time in accordance with the provisions as described in Adjustments in paragraph 5 below.

- (b) Shares issued under the Pre-IPO ESOPs (whether as vested or unvested Shares) that are repurchased by our Company shall not be available for subsequent option grants or Share issuances under the Pre-IPO ESOPs.

5. Adjustments

- (a) In the event any change is made to the Ordinary Share issued upon the exercise of Pre-IPO Share Options by reason of any share dividend, share split, combination of shares, exchange of shares or other change affecting the outstanding Ordinary Shares as a class without receipt of consideration, then appropriate adjustments shall be made to (i) the aggregate number and/or class of Shares issued upon the exercise of Pre-IPO Share Options and (ii) the aggregate number and/or class of shares and the exercise price per share in effect under each outstanding Pre-IPO Share Option in order to prevent the dilution or enlargement of benefits thereunder.
- (b) If pursuant to the terms of the Pre-IPO ESOPs, the Pre-IPO Share Option is to be assumed or is otherwise to remain outstanding after a corporate transaction, then the Pre-IPO Share Option shall be appropriately adjusted to apply and pertain to the number and class of securities that would have been issuable to the Grantee in the consummation of such corporate transaction had the Pre-IPO Share Option been exercised immediately prior to such corporate transaction, and appropriate adjustments shall also be made to the exercise price payable per share, provided the aggregate exercise price payable hereunder shall remain the same.
- (c) The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

6. Restrictions

Ordinary Shares issued upon the exercise of Pre-IPO Share Options may be subject to such restrictions on transfer, repurchase rights or other restrictions as may be determined by the Plan Administrator.

7. Terms and Duration of the Pre-IPO ESOPs

- (a) Each of the Pre-IPO ESOPs shall become effective when adopted by our Board.
- (b) The Pre-IPO ESOPs as approved by our Directors from time to time shall terminate upon the earlier of:
 - i. the ten years after the adoption of the Pre-IPO ESOPs; or
 - ii. the date on which all Shares available for issue under the Pre-IPO ESOPs have been issued or cancelled pursuant to the exercise of Pre-IPO Share Options granted under the Pre-IPO ESOPs.
- (c) If the date of termination is determined under paragraph 7(b)(i) above, then no Pre-IPO Share Options outstanding on such date under the Pre-IPO ESOPs shall

be affected by the termination of the Pre-IPO ESOPs, and such securities shall thereafter continue to have force and effect in accordance with the provisions of the Pre-IPO ESOPs.

8. Exercise Price and Exercise Term

- (a) The exercise price per share shall be fixed by the Plan Administrator. Such exercise price shall become immediately due upon exercise of the Pre-IPO Share Option(s) and shall be payable in cash or cheque made payable to our Company.
- (b) The Pre-IPO Share Option shall expire at the close of business on the earliest of:
 - i. the expiration date specified in the grant notice issued by our Company to each of the respective Grantee (the "**Grant Notice**"), which the date shall not be later than ten years after the date of grant or within three years of the Listing Date when our Company is listed, whichever is earlier ("**Expiration Date**"); or
 - ii. The last day of the period following the termination of employment of the Grantee during which the Pre-IPO Share Option(s) can be exercised (See paragraph 12).

9. Exercise of Pre-IPO Share Option

(a) Vesting

The Pre-IPO Share Option(s) shall vest and become exercisable as to the number of Shares and on the dates specified in the Grant Notice as detailed by the cumulative exercise schedule stated in paragraph 9(b) below. To the extent the Pre-IPO Share Option(s) has not already been exercised and has not expired, terminated or been cancelled, the Grantee or the person otherwise entitled to exercise the Pre-IPO Share Option under such Pre-IPO ESOPs may at any time, and from time to time, purchase all or any portion of the Shares then purchasable under the exercise schedule. The Pre-IPO Share Option may also be exercised in full (notwithstanding the exercise schedule) under the circumstances described in paragraph 11 below if it has not expired prior thereto.

(b) Exercise Schedule and Extension of the Exercise Schedule

- i. No Pre-IPO Share Option is exercisable before the first anniversary date of the Grant;
- ii. On the first anniversary date of the date of grant, 25% of the Pre-IPO Share Options granted to as individual Grantee shall become exercisable by such Grantee;
- iii. On the second anniversary date of the date of grant, 25% of the Pre-IPO Share Options granted to an individual grantee shall become exercisable by such Grantee;
- iv. On the third anniversary date of the date of grant, a further 25% of the Pre-IPO Share Options granted to an individual grantee shall become exercisable by such Grantee;

- v. On the fourth anniversary date of the date of grant, the remaining 25% of the Pre-IPO Share Options granted to an individual grantee shall become exercisable by such Grantee;
- vi. The Plan Administrator shall have full power and authority to extend (either at the time the Pre-IPO Share Option is granted or at any time that the Pre-IPO Share Option remains outstanding) the period of time for which the Pre-IPO Share Option is to remain exercisable following the Grantee's termination of service, from the limited period set out in paragraph 12, to such greater period of time as the Plan Administrator may deem appropriate under the circumstances. In no event, however, shall such Pre-IPO Share Option be exercisable after the specified Expiration Date of the Exercise Term.

(c) Manner of Exercising Option

- i. In order to exercise the Pre-IPO Share Option(s) with respect to all or any part of the Shares for which the Pre-IPO Share Option is at the time exercisable, the Grantee (or other person authorised to exercise the Pre-IPO Share Option) must take the following actions:
 - 1. Execute and deliver to our Company a written notice of exercise and a share purchase agreement. The notice shall state the number of Shares to be purchased, and shall be signed by the person exercising the Pre-IPO Share Option. If the person exercising the Pre-IPO Share Option is not the Grantee, he/she also must submit appropriate proof of his/her right to exercise this Pre-IPO Share Option;
 - 2. Provide payment for the total aggregate exercise price for the purchased shares either by full payment in cash or cheque, or any other form approved by the Plan Administrator at the time of exercise in accordance with the provisions stated in paragraph 2;
 - 3. Furnish to our Company appropriate documentation that the person or persons exercising the Pre-IPO Share Option (if other than Grantee) have the right to exercise this Pre-IPO Share Option.
- ii. Subject to the right of repurchase of the Pre-IPO Share Option set out below, as soon as practicable after our Company receives executed share purchase agreement and the payment for the exercise price, our Company shall deliver to the person exercising the Pre-IPO Share Option, in the name of such person, a certificate or certificates representing the Shares being purchased and paid for, with the appropriate legends affixed thereto, make a book-entry of the Shares in the name of the person exercising the Pre-IPO Share Option and arrange for necessary registration of such share with the regulatory body. Our Company shall bear all fees and expenses incurred by it in connection to the Share issue. Notwithstanding anything to the contrary in the terms stated under the Pre-IPO ESOPs, our Company shall not be required to issue or deliver any Shares prior to the completion of such registration of such Shares under any law or regulation as our Company shall determine to be necessary.

- iii. In no event may this Pre-IPO Share Option be exercised for any fractional Shares.
- (d) Subject to any required action of our Shareholders of our Company, if our Company shall be the surviving entity in any merger or consolidation, this Pre-IPO Share Options (to the extent that they are still outstanding) shall pertain to and apply to the securities to which a holder of the same number of Ordinary Shares that are then subject to the Pre-IPO Share Options would have been entitled. A dissolution or liquidation of our Company, or a merger or consolidation in which our Company is not the surviving entity, will cause the Pre-IPO Share Options to terminate, unless the agreement or merger or consolidation shall otherwise provide, provided that the Grantee shall, if our Board expressly authorises, in such event have the right immediately prior to such dissolution or liquidation, or merger or consolidation, to exercise the Pre-IPO Share Options in whole or part. To the extent that the foregoing adjustments relate to share or securities of our Company, such adjustments shall be made by our Board, whose determination in that respect shall be final, binding and conclusive.

10. Termination of Service

- (a) Should the Grantee cease to remain in service for any reason (including death or Permanent Disability) while holding one or more outstanding Pre-IPO Share Options under the Pre-IPO ESOPs, then except to the extent otherwise provided pursuant to Extension of exercise schedule above at paragraph 8, each of such Pre-IPO Share Options shall remain exercisable for the limited period of time specified by the Plan Administrator under the Pre-ESOPs as stated in paragraph 12 below. In no event, however, shall any such Pre-IPO Share Option be exercisable after the specified Expiration Date. During such limited period of exercisability, the Pre-IPO Share Option may not be exercised for more than that number of Shares (if any) for which such Pre-IPO Share Option is exercisable on the date of the Grantee's cessation of service. Upon the expiration of such period or (if earlier) upon the Expiration Date, the Pre-IPO Share Options shall terminate and cease to be exercisable.
- (b) Any Pre-IPO Share Options granted to a Grantee under the Pre-IPO ESOPs and exercisable in whole or in part on the date of the Grantee's death may be subsequently exercised by the personal representative of the Grantee's estate or by the person or persons to whom the Pre-IPO Share Option is transferred pursuant to the Grantee's will or in accordance with the laws of descent and distribution. The maximum number of Shares for which such Pre-IPO Share Option may be exercised shall be limited to the number of Shares (if any) for which the Pre-IPO Share Option is exercisable on the date of the Grantee's cessation of service. Any such exercise of the Pre-IPO Share Options must be effected prior to the earlier of the first anniversary of the date of the Grantee's death or the specified Expiration Date. Upon the occurrence of either such event, the Pre-IPO Share Option shall terminate and cease to be exercisable.
- (c) Notwithstanding paragraph 10(a) and 10(b) above, the Plan Administrator shall have discretion, exercisable either at the time the Pre-IPO Share Option is granted or at the time the Grantee ceases service, to allow one or more

outstanding Pre-IPO Share Options held by the Grantee to be exercised, during the limited period of exercisability following the Grantee's cessation of service, not only with respect to the number of shares for which the Pre-IPO Share Option is exercisable at the time of the Grantee's cessation of service but also with respect to one or more subsequent instalments of purchasable Shares for which the Pre-IPO Share Option otherwise would have become exercisable had such cessation of service not occurred.

- (d) Notwithstanding any provision to the contrary, any Pre-IPO Share Options granted under this Pre-IPO ESOPs shall terminate as at the date the Grantee ceases to be in the service of our Company if the Grantee was terminated for cause or could have been terminated for cause, as defined below:
- i. If the Grantee has an employment or consulting agreement with our Company, the term "cause" shall have the meaning given that term in such employment or consulting agreement.
 - ii. If the Grantee does not have an employment or consulting agreement with our Company, or if such agreement does not define the term "cause," the term "cause" shall mean:
 - A. misconduct or dishonesty that materially adversely affects our Company, including without limitation
 1. an act materially in conflict with the financial interests of our Company,
 2. an act that could substantially damage the reputation or customer relations of our Company,
 3. an act that could subject our Company to material liability,
 4. an act constituting sexual harassment or other violation of the civil rights of coworkers,
 5. failure to obey any lawful instruction of our Board or any officer of our Company, and
 6. failure to comply with, or perform any duty required under, the terms of any confidentiality, inventions or non-competition agreement the Grantee may have with our Company, or
 - B. acts constituting the unauthorised disclosure of any of the trade secrets or confidential information of our Company, unfair competition with our Company or the inducement of any customer of our Company to breach any contract with our Company.
- (e) The right to exercise any Pre-IPO Share Options shall be suspended automatically during the pendency of any investigation by our Board or its designee, and/or any negotiations by our Board or its designee and the Grantee, regarding any actual or alleged act or admission by our Grantee of the type described in this paragraph.

11. Forfeiture Events

- (a) The Grantee, by accepting the Pre-IPO ESOPs, agrees and covenants that during the period during which the Grantee is employed by our Company and twelve months following the date of termination of the Grantee's employment by our Company (the "**Restricted Period**") for any reason whatsoever, the Grantee will not, directly or indirectly:
- i. perform services for any Competitive Business as employee, consultant, contractor or otherwise;
 - ii. solicit or attempt to solicit any employee or independent contractor of our Company to cease working for our Company;
 - iii. use or disclose to any person any Confidential Information for any purpose;
 - iv. take any action that might divert any opportunity from our Company or any of its affiliates, successors or assigns (the "**Related Parties**") that is within the scope of the present or future operations or business of any Related Parties;
 - v. contact, call upon or solicit any customer of our Company, or attempt to divert or take away from our Company the business of any of its customers;
 - vi. contact, call upon or solicit any prospective customer of our Company that the Grantee became aware of or was introduced to in the course of the Grantee's duties for our Company, or otherwise divert or take away from our Company the business of any prospective customer of our Company; or
 - vii. engage in any activity that is harmful to the interests of our Company, including, without limitation, any conduct during the term of our Grantee's employment that violates our Company's codes of conduct or other policies.
- (b) If our Company determines that the Grantee violated any provisions of paragraph 11(a) above during the Restricted Period, the Grantee agrees and covenants that:
- i. any portion of the Pre-IPO Share Option (whether or not vested) that has not been exercised as at the date of such determination shall be immediately forfeited;
 - ii. the Grantee shall automatically forfeit any rights the Grantee may have with respect to the Pre-IPO Share Options as at the date of such determination; and
 - iii. if the Grantee exercised all or any part of the Pre-IPO Share Options within the six-month period immediately preceding termination of the Grantee's employment with our Company (or following the date of any such violation), upon our Company's demand, the Grantee shall immediately deliver to it a certificate or certificates for our Ordinary Shares with a fair market value

(determined on the date of such demand) equal to the gain realised by the Grantee upon such exercise.

- (c) The foregoing remedies set out in paragraph 11(b) above shall not be our Company's exclusive remedies. Our Company reserves all other rights and remedies available to it at law or in equity.
- (d) Our Company may exercise its right to demand forfeiture within 90 days after discovery of such an occurrence but in no event later than fifteen months after the Grantee's termination of employment with our Company.
- (e) For purposes of this paragraph 11, the following terms shall have the meanings set out below:
 - i. "**Competitive Business**" shall mean any person, corporation, not-for-profit organisation, or other entity that provides, develops, sells, or markets enterprise software or energy management products or services in any country in which our Company did business or had customers at any time during the last 12 months of the Grantee's employment with our Company.
 - ii. "**Confidential Information**" means information proprietary to our Company and not generally known (including trade secret information) about our Company's customers, products, services, personnel, pricing, sales strategy, technology, methods, processes, research, development, finances, systems, techniques, accounting, purchasing, and business strategies. All information disclosed to the Grantee or to which the Grantee obtains access, whether originated by the Grantee or by others, during the period of the Grantee's employment, shall be presumed to be Confidential Information if it is treated by our Company as being Confidential Information or if the Grantee has a reasonable basis to believe it to be Confidential Information.

12. Accelerated Termination

The Exercise Schedule specified in paragraph 9 above shall terminate (and the Pre-IPO Share Option shall cease to be exercisable) prior to the Expiration Date should any of the following provisions become applicable:

- (a) Except as otherwise provided in paragraph 12(a) and 12(b) below, should Grantee cease to remain in service while the Pre-IPO Share Option is outstanding, then the period for exercising the Pre-IPO Share Option shall be reduced to a three-month period commencing with the date of such cessation of service, but in no event shall the Pre-IPO Share Option be exercisable at any time after the Expiration Date. Upon the expiration of such three-month period or (if earlier) upon the Expiration Date, this Pre-IPO Share Option shall terminate and cease to be outstanding.
- (b) Upon the death of Grantee while the Pre-IPO Share Option is outstanding, then the personal representative of the Grantee's estate or the person or persons to whom the Pre-IPO Share Option is transferred pursuant to the Grantee's will or in accordance with the law of descent and distribution shall have the right to

exercise the Pre-IPO Share Option. Such right shall lapse, and the Pre-IPO Share Option shall cease to be exercisable, upon the earlier of (i) the expiration of the 12 month period measured from the date of Grantee's death or (ii) the Expiration Date. Upon the expiration of such 12 month period or (if earlier) upon the Expiration Date, the Pre-IPO Share Option shall terminate and cease to be outstanding.

- (c) Should Grantee become permanently disabled and cease by reason thereof to remain in service while the Pre-IPO Share Option is outstanding, then the Grantee shall have a period of 12 months (commencing with the date of such cessation of service) during which to exercise the Pre-IPO Share Option, but in no event shall the Pre-IPO Share Option be exercisable at any time after the Expiration Date. Upon the expiration of such limited period of exercisability or (if earlier) upon the Expiration Date, the Pre-IPO Share Options shall terminate and cease to be outstanding.
- (d) If the Grantee's employment by our Company terminates because of the Grantee's Retirement (defined for purposes of this agreement as the earlier of 65 years or age or 55 years of age with seven years of service), then this Pre-IPO Share Option will continue to vest and become exercisable as to the number of Shares and on the dates specified in the exercise schedule in the Grant Notice.
- (e) During the limited period of exercisability applicable under paragraphs 12(a), 12(b) or 12(c) above, the Pre-IPO Share Options may be exercised for any or all of the Shares in which the Grantee, at the time of cessation of service, is vested in accordance with the exercise schedule specified in the Grant Notice or the special acceleration provisions of the Pre-IPO ESOPs.
- (f) If our Company determines that during the period of the Grantee's employment with our Company or twelve months following the date of termination of the Grantee's employment by our Company (the "**Restricted Period**"), the Grantee violate any forfeiture events as stated in paragraph 11, then our Company may, within 90 days after discovery of such an occurrence but no later than fifteen months after the Grantee's termination of employment with our Company, forfeit any portion of the Pre-IPO Share Option (whether or not vested) that has not been exercised as at the date of such determination and our Company may demand remedies as set out in forfeiture events above. On the date of such determination, the Grantee shall automatically forfeit any rights with respect to the Pre-IPO Share Option.
- (g) Notwithstanding any provision of this paragraph or any other provision under the Pre-IPO ESOPs to the contrary, any Pre-IPO Share Option granted under the Pre-IPO ESOPs shall terminate as at the date Grantee ceases to be in the service of our Company if Grantee was terminated for cause or could have been terminated for cause. If Grantee has an employment or consulting agreement with our Company, the term cause shall have the meaning given that term in the employment or consulting agreement. If Grantee does not have such an agreement with our Company, or if such agreement does not define the term cause, the term cause shall have the meaning set out in paragraph 10(d) above.

13. Corporate Transaction

- (a) In connection with any corporate transaction, the Plan Administrator, in its sole discretion, may:
- i. accelerate each or any outstanding Pre-IPO Share Options under the Pre-IPO ESOPs so that each or any such Pre-IPO Share Option, immediately prior to the specified effective date for such corporate transaction, shall become fully exercisable with respect to the total number of Ordinary Shares at the time subject to such Pre-IPO Share Option and may be exercised for all or any portion of such Shares,
 - ii. where our Company is not the surviving entity of a corporate transaction, arrange for each or any outstanding Pre-IPO Share Option either to be assumed by the successor company or parent thereof or to be replaced with a comparable option to purchase shares of the capital share of the successor company or parent thereof,
 - iii. arrange for each or any outstanding Pre-IPO Share Options to be replaced by a comparable cash incentive program of our Company or the successor company based on the Pre-IPO Share Option spread (the amount by which the fair market value of the shares of Ordinary Share subject at the time to the Pre-IPO Share Option exceeds the exercise price payable for such Shares), or
 - iv. take none of the actions described in paragraph (i), (ii) or (iii) above and allow the Pre-IPO Share Option to terminate as provided in paragraph 13(b) below. The determination of comparability under clauses (ii) and (iii) above shall be made solely by the Plan Administrator, and such determination shall be final, binding and conclusive.
- (b) In the event of any corporate transaction, each Pre-IPO Share Option outstanding under the Pre-IPO ESOPs shall terminate upon the consummation of such corporate transaction and cease to be exercisable, unless the Plan Administrator takes one of the actions set out in paragraph 13(a) below.
- (c) If the outstanding Pre-IPO Share Options under the Pre-IPO ESOPs are assumed by the successor company (or parent thereof) in a corporate transaction, or are otherwise to continue in effect following such corporate transaction, then each such assumed or continuing option, immediately after such corporate transaction, shall be appropriately adjusted to apply and pertain to the number and class of securities or other property that would have been issuable to the Grantee, in consummation of the corporate transaction, had the Pre-IPO Share Option been exercised immediately prior to such corporate transaction. Appropriate adjustments shall also be made to the exercise price payable per Share, provided the aggregate exercise price payable for such securities or other property shall remain the same. In addition, the number and class of securities or other property available to be issued upon exercise of the Pre-IPO Share Options following the consummation of such corporate transaction shall be appropriately adjusted.

- (d) The grant of Share Options under the Pre-IPO ESOPs shall in no way affect the right of our Company to adjust, reclassify, reorganise or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

14. Shareholder Rights

A Grantee shall have none of the rights of a Shareholder with respect to any Shares covered by the Pre-IPO Share Option until such Grantee shall have exercised the Pre-IPO Share Option and paid the exercise price.

15. Repurchase by our Company

The Shares of Ordinary Share issued under the Pre-IPO ESOPs shall be subject to certain repurchase rights of our Company in accordance with the following provisions:

- (a) The repurchase right shall be assignable to any person or entity selected by our Company, including one or more of our Shareholders. If the selected assignee is other than our parent Company or Subsidiaries, however, then the assignee must make a cash payment to our Company, upon the assignment of the repurchase right, in an amount equal to the amount by which the aggregate fair market value of the unvested shares at the time subject to the assigned right exceeds the aggregate repurchase price payable for such unvested shares.
- (b) Upon the occurrence of a corporate transaction, the Plan Administrator may, at its sole discretion, (i) terminate all or any outstanding repurchase rights under the Pre-IPO ESOPs and thereby cause the shares subject to such rights to vest immediately in full, (ii) arrange for all or any of the repurchase rights to be assigned to the successor company (or parent thereof) in connection with the corporate transaction, or (iii) exercise our Company's right to repurchase any unvested Shares contemporaneously with the consummation of the corporate transaction on the terms provided in the instrument pursuant to which such unvested shares were issued.
- (c) Our Company shall have a right of first refusal as set out in paragraph 21 below with the terms and conditions established by the Plan Administrator.

16. Loans

- (a) The Plan Administrator, in its discretion, may assist any Grantee (including a Grantee who is an officer or Director of our Company) in the exercise of one or more Pre-IPO Share Options granted to such Grantee under the Pre-IPO ESOPs, including the satisfaction of any income tax obligations arising therefrom, by:
 - i. authorising the extension of a loan from our Company to such Grantee, or
 - ii. permitting the Grantee to pay the exercise price for the purchased Ordinary Share in instalments over a period of two years.
- (b) The terms of any loan or instalment method of payment (including the interest rate and terms of repayment applicable thereto) shall be established by the Plan

Administrator. Loans or instalment payments shall be secured by a pledge to our Company the purchased Shares of Ordinary Share, but such arrangements otherwise may be made with or without other security or collateral. Any loan made to a consultant or other non-employee advisor must be secured by property other than the purchased Shares of Ordinary Share. In all events the maximum credit available to each Grantee may not exceed the sum of (i) the aggregate exercise price payable for the purchased shares (less the par value of such Shares rounded up to the nearest whole cent) plus (ii) any income tax liability incurred by the Grantee in connection with such exercise or purchase.

- (c) The Plan Administrator, in its discretion, may determine that one or more loans extended under the financial assistance program shall be subject to forgiveness by our Company in whole or in part upon such terms and conditions as our Board deems appropriate.

17. Amendment of the Pre-IPO ESOPs

- (a) Our Board shall have complete and exclusive power and authority to amend or modify the Pre-IPO ESOPs in any or all respects whatsoever; provided, that no such amendment or modification shall adversely affect the rights and obligations of a Grantee with respect to the Pre-IPO Share Options at the time outstanding under the Pre-IPO ESOPs, unless the Grantee consents to such amendment. In addition, our Board shall not, without the approval of our Company's Shareholders, amend the Pre-IPO ESOPs to (i) materially increase the maximum number of Shares issued upon the exercise of Pre-IPO Share Options (except for permissible adjustments under paragraph 5 above), (ii) materially increase the benefits accruing to individuals who participate in the Pre-IPO ESOPs, or (iii) materially modify the eligibility requirements for participation in the Pre-IPO ESOPs.
- (b) Pre-IPO Share Options may be granted under the Pre-IPO ESOPs in excess of the number of Shares then available to be issued upon exercise of Pre-IPO Share Options, provided any excess Shares actually issued under the Pre-IPO ESOPs are held in escrow until our Company's Shareholders approve an amendment that sufficiently increases the number of Ordinary Shares available to be issued upon exercise of Pre-IPO Share Options. If such Shareholder approval is not obtained within 12 months after the date the initial excess grants of Pre-IPO Share Options, then any unexercised Pre-IPO Share Options representing such excess shall terminate and cease to be exercisable and our Company shall promptly refund to the Grantee the exercise price paid for any excess Shares issued under the Pre-IPO ESOPs and held in escrow, together with interest (at the applicable prevailing market rate) thereon for the period the Shares were held in escrow.

18. Non-Transferability

During the lifetime of the Grantee, the Pre-IPO Share Options shall be exercisable only by the Grantee and shall not be assignable or transferable by the Grantee otherwise than by will or by the laws of descent and distribution following the Grantee death.

19. Share Certificate

Each certificate representing Ordinary Shares (or other securities) issued pursuant to the Pre-IPO ESOPs shall bear restrictive legends substantially as follows:

“This certificate and the shares represented hereby may not be sold, assigned, transferred, encumbered, or in any manner disposed of except in conformity with the terms of written agreements between our Company and the registered holder of the shares (or the predecessor in interest to the shares). Upon written request, our Company will furnish without charge a copy of such agreements to the holder hereof.”

20. Notices

Any notice required to be given or delivered to our Company under the Pre-IPO ESOPs shall be in writing and addressed to our Company at its principal corporate office. Any notice required to be given or delivered to Grantee shall be in writing and addressed to grantee at the address indicated in the Grant Notice. Grantee’s signature line on the Grant Notice, or at such other address as the Grantee shall have furnished our Company in writing at least 14 days in advance of its effective date. All notices shall be deemed to have been given or delivered upon via a reputable courier or by registered mail (return receipt requested) through the Singapore Postal service.

21. Right of First Refusal

The Grantee hereby agrees that all Shares acquired upon the exercise of the Pre-IPO Share Options shall be subject to certain rights of first refusal of our Company and certain other Shareholders of our Company upon any proposed sale, assignment, transfer encumbrance, or other disposition of any such Shares in accordance with the terms and conditions specified in the Pre-IPO ESOPs.

22. Miscellaneous

- (a) Any cash proceeds received by our Company from the issue of Ordinary Shares under the Pre-IPO ESOPs shall be used for general corporate purposes.
- (b) The Grantee shall not have any of the rights of a Shareholder with respect to the Shares until such Grantee shall have exercised the Pre-IPO Share Options and paid the exercise price.
- (c) Our Company’s obligation to deliver Shares upon the exercise of any Pre-IPO Share Options granted under the Pre-IPO ESOPs shall be subject to the satisfaction of all applicable income tax requirements.
- (d) The implementation of the Pre-IPO ESOPs, the granting of any Pre-IPO Share Options under the Pre-IPO ESOPs and the issue of Ordinary Shares upon the exercise of the Pre-IPO Share Options granted under the Pre-IPO ESOPs shall be subject to our Company’s obtaining of all approvals required by regulatory authorities having jurisdiction over the Pre-IPO ESOPs, the options granted under it, and the Ordinary Shares issued pursuant to it.

- (e) The interpretation, performance and enforcement of the terms in Pre-IPO ESOPs shall be governed by of the laws of Singapore.
- (f) All decisions of the Plan Administrator with respect to any question or issue arising under the Pre-IPO ESOPs shall be binding and conclusive on all persons having an interest in the Pre-IPO Share Options.
- (g) The inability of our Company to obtain approval from any regulatory body that is necessary for the lawful issue any Ordinary Shares pursuant to this Pre-IPO ESOPs shall relieve our Company of any liability with respect to the non-issue the Ordinary Share as to which such approval shall not have been obtained. Our Company shall use its best efforts to obtain all such approvals.
- (h) Except to the extent otherwise provided in paragraph 19 above, the provisions of the Pre-IPO ESOPs shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of Grantee and the successors and assigns of our Company.
- (i) Our Directors have confirmed that our Company will not grant any further Pre-IPO Share Options under the Pre-IPO ESOPs after the Listing.

Outstanding Pre-IPO Share Options

We have granted Pre-IPO Share Options to subscribe for an aggregate of 33,181,876 Shares, representing approximately 8.31% of our total number of issued Shares upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options), or approximately 7.67% of our enlarged number of issued Shares upon full exercise of all the outstanding Pre-IPO Share Options on completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Post-IPO Share Options) to a total of two Directors, four members of our senior management and six other current/former employees of our Group under the Pre-IPO ESOPs.

Assuming the Pre-IPO Share Options (i) have been exercised in full (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Post-IPO Share Options); and (ii) have been in issue throughout the financial year ended 31 May 2016 and without taking into account the recognition of the share-based compensation expense, the shareholding of our Shareholders immediately upon completion of the Placing will be diluted by approximately 8.31% and the earnings per Share for the financial year ended 31 May 2016 will be reduced by approximately 0.20% (unaudited).

Assuming the Placing Price is at HK\$0.81 (being the mid-point of the Placing Price range stated in this prospectus), the fair value of the Pre-IPO Share Options which is expected to be recognised as share-based compensation in the financial year ending 31 May 2017 is expected to be approximately S\$437,224.

Grantees of the Pre-IPO Share Options

Name of grantee	Address	Consideration paid for the grant ⁽⁵⁾	Exercise price	Number of Shares under the Pre-IPO Share Options granted	Date of grant	Option period	Approximate percentage of issued Shares immediately after completion of Placing
Directors							
Mr. Lau	35 Bukit Batok East Avenue 6#03-12 Singapore 659765	Nil	Approximately S\$0.01	4,969,783	10 March 2010	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 our Company become listed on a stock exchange	1.25%
Mr. Ong	Apartment Block 181 Bedok North Road #09-24 Singapore 460181	Nil	Approximately S\$0.01	4,969,783	10 March 2010	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 share options become exercisable; or (ii) three years from the day on which our Company become listed on a stock exchange	1.25%
Senior management							
Sylvia Sundari POERWAKA	28 Jalan Klinik, #06-61 Singapore 160028	Nil	Approximately S\$0.01	<ul style="list-style-type: none"> • 3,779,594 • 1,365,000 • 455,000 	<ul style="list-style-type: none"> • 1 August 2013 • 1 May 2015 • 1 June 2016 	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 our Company become listed on a stock exchange	1.40%
LI Shan	668C Jurong West Street 64 #02-144, Singapore 643668	Nil	Approximately S\$0.01	2,730,000	1 June 2013	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 our Company become listed on a stock exchange	0.68%
Jindhar CHOUGULE	A2/904, Shashitara Vihar Apartment Hingane Khurd Pune - 411051, India	Nil	Approximately S\$0.07	2,002,000	1 June 2016	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 our Company become listed on a stock exchange	0.50%
Noor Sharazain BIN AHMAD NOORDIN	4 Jalan U10/12D, Sunway Alam Suvia Seksyen U10 Shah Alam, 40170 Selangor Malaysia	Nil	Approximately S\$0.07	910,000	1 June 2016	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 our Company become listed on a stock exchange	0.23%
Other current/former employees of our Group							
TAN Kan Wee Eric	105 Henderson Crescent #04-07, Singapore 150105	Nil	Approximately S\$0.01	2,730,000	1 June 2013	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 our Company become listed on a stock exchange	0.68%

Name of grantee	Address	Consideration paid for the grant ⁽⁵⁾	Exercise price	Number of Shares under the Pre-IPO Share Options granted	Date of grant	Option period	Approximate percentage of issued Shares immediately after completion of Placing
TAN Wei Yan Jane	339 Kang Ching Road #12-324 Singapore 611339	Nil	Approximately S\$0.01	1,365,000	1 May 2015	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 our Company become listed on a stock exchange	0.34%
SIM Yu	174C Edgedale Plains #15-175 Singapore 823174	Nil	Approximately S\$0.07	2,002,000	1 June 2016	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 our Company become listed on a stock exchange	0.50%
ONG Kian Leong	193 Rivervale Drive #09-791, Singapore 540193	Nil	Approximately S\$0.07	2,002,000	1 June 2016	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 our Company become listed on a stock exchange	0.50%
TAY Chin Hui	654 Senja Road #11-252 Singapore 670654	Nil	Approximately S\$0.07	1,416,779	1 June 2016	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 our Company become listed on a stock exchange	0.35%
CHOW Kim Foong (resigned)	82 Toa Payoh Lorong 4 #04-484, Singapore 310082	Nil	Approximately S\$0.01	2,484,937	10 March 2010	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 our Company become listed on a stock exchange	0.62%

Notes:

- Each Grantee, upon accepting the Pre-IPO Share Options, is deemed to have undertaken to our Company that he/she will comply with all applicable laws, legislation and regulations (including all applicable exchange control, fiscal and other laws to which he/she is subject) in connection with the acceptance of the grant of his/her Pre-IPO Share Options, the holding and exercise of his/her Pre-IPO Share Options in accordance with the rules of the Pre-IPO ESOPs, the allotment and issue of Share to him/her upon exercise of his/her Pre-IPO Share Options and the holding of such Shares.
- These percentages are calculated on the basis of 399,158,496 Shares in issue immediately upon completion of the Placing (assuming the Offer Size Adjustment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Pre-IPO Share Options and Post-IPO Share Options).
- The exercise price and number of Shares to be issued upon exercise of the Pre-IPO Share Options have been automatically adjusted pursuant to the terms of the Pre-IPO ESOPs following the sub-division of each Share in our issued share capital into 91 Shares on 24 November 2016.

4. Except for (i) Mr. Lau and Mr. Ong, who are our executive Directors; and (ii) Mr. CHOW Kim Foong, who is the spouse of Ms. LIM Siang Ngin, a Controlling Shareholder, none of the holders of the Pre-IPO Share Options listed above is a core connected person of our Company.
5. The Pre-IPO Share Options were granted in consideration for the Grantees' services within our Group

Assuming that the Offer Size Adjustment Option is not exercised, the shareholding in our Company before and after the full exercise of all the Pre-IPO Share Options granted under the Pre-IPO ESOPs for the grantees under the Pre-IPO ESOPs (without taking into account any shares to be issued upon the exercise of Post-IPO Share Options) will be as follows:

Name	Immediately following the completion of the Placing and prior to the exercise in full of unexercised Pre-IPO Share Options		Immediately following the completion of the Placing and upon the exercise in full of unexercised Pre-IPO Share Options	
	Number of Shares	%	Number of Shares	%
Directors				
Mr. Lau	45,500,000	11.40	50,469,783	11.67
Mr. Ong	22,750,000	5.70	27,719,783	6.41
Senior management				
Sylvia Sundari				
POERWAKA	Nil	Nil	5,599,594	1.30
LI Shan	Nil	Nil	2,730,000	0.63
Jindhar CHOUGULE	Nil	Nil	2,002,000	0.46
Noor Sharazain BIN AHMAD NOORDIN	Nil	Nil	910,000	0.21
Other current/former employees of our Group				
TAN Kan Wee Eric	Nil	Nil	2,730,000	0.63
TAN Wei Yan Jane	Nil	Nil	1,365,000	0.32
SIM Yu	Nil	Nil	2,002,000	0.46
ONG Kian Leong	Nil	Nil	2,002,000	0.46
TAY Chin Hui	Nil	Nil	1,416,779	0.33
CHOW Kim Foong (resigned)	Nil	Nil	2,484,937	0.57

Except as set out above, no other Pre-IPO Share Options are granted or agreed to be granted by our Company under the Pre-IPO ESOPs.

Assuming that the Offer Size Adjustment Option is not exercised, the shareholding in our Company before and after the full exercise of all the Pre-IPO Share Options for the Grantees and those who will exercise, or control the exercise of, 5% or more of voting power in the general meetings of our Company upon completion of the Placing but before the exercise of the options granted under the

Pre-IPO ESOPs (assuming the Offer Size Adjustment Option is not exercised and without taking into account the shares to be issued upon the exercise of the Post-IPO Share Options) will be as follows:

	Before full exercise	After full exercise
Mr. Lau	11.40%	11.67%
Mr. Ong	5.70%	6.41%
BAF Spectrum Pte. Ltd.	9.91%	9.15%
iGlobe	20.62%	19.04%
Majuven Fund 1 Ltd.	9.15%	8.45%
OWW Investments III Ltd.	5.23%	4.83%

We will ensure compliance with the minimum public float requirement under Rule 11.23 of the GEM Listing Rules. Our Directors and Mr. CHOW Kim Foong (who is a core connected person of our Company) have agreed not to exercise their Pre-IPO Share Options if as a result of such exercise our Company would not be able to comply with the minimum public float requirement of the GEM Listing Rules.

G. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme adopted by our Company. The following summary does not form, nor is intended to be, part of the Post-IPO Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Post-IPO Share Option Scheme.

1. Purpose

The purpose of Post-IPO Share Option Scheme is to motivate Eligible Persons (as set out in paragraph 2 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.

2. Eligible Persons

Our 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 our 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**" and each an "**Eligible Person**").

3. Conditions and administration

The Post-IPO Share Option Scheme shall come into effect on the Listing Date, subject to:

- (a) the approval of our Shareholders of our Company, in general meeting or in writing, for the adoption of the Post-IPO Share Option Scheme;
- (b) the Stock Exchange granting approval for the listing of and permission to deal on the Shares in our Company to be issued and allotted pursuant to the exercise of the Post-IPO Share Options; and
- (c) the commencement of dealings in the Shares on the GEM of the Stock Exchange.

The Post-IPO Share Option Scheme shall be subject to the administration of our board whose decision on all matters arising in relation to the Post-IPO Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of the Post-IPO Share Option Scheme) be final and binding on all parties thereto. Our Board may delegate any or all of its powers in relation to the Post-IPO Share Option Scheme to any of its committees.

4. Determination of eligibility

- (a) Our Board may, at its absolute discretion, offer to grant to any Eligible Person a Post-IPO Share Option to subscribe for Shares under the Post-IPO Share Option Scheme;
- (b) The basis of eligibility of any Eligible Person to the grant of any Post-IPO Share Option shall be determined by our Directors from time to time on the basis of their contributions to the development and growth of our Group;
- (c) For the avoidance of doubt, the grant of any Post-IPO Share Option by our Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless our Directors otherwise determine, be construed as a grant of Post-IPO Share Options under the Post-IPO Share Option Scheme;
- (d) An Eligible Person or grantee shall provide our Board such information and supporting evidence as the Board may in its absolute discretion request from time to time (including, without limitation, before the offer of a grant of Post-IPO Share Option, at the time of acceptance of a grant of Post-IPO Share Option, and at the time of exercise of a Post-IPO Share Option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or grantee or that of his Close Associates or for purposes in connection with the term of a Post-IPO Share Options (and the exercise thereof) or the Post-IPO Share Option Scheme and the administration thereof.

5. Duration

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. However, our shareholders in general meeting may by resolution at any time terminate the Post-IPO Share Option Scheme. Upon the expiry or termination of the Post-IPO Share Option Scheme as aforesaid, no further Post-IPO Share Option shall be offered but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. All Post-IPO Share Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Post-IPO Share Option Scheme.

6. Grant of Post-IPO Share Options

On and subject to the terms of the Post-IPO Share Option Scheme, our Board shall be entitled at any time within the period of the Post-IPO Share Option Scheme to offer the grant of any Post-IPO Share Option to any Eligible Person as our Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the Post-IPO Share Option as accepted to the Eligible Person.

Subject to the terms of Post-IPO Share Option Scheme, our Board may in its absolute discretion when offering the grant of a Post-IPO Share Option impose any conditions, restrictions or limitations in relation thereto in addition to those set out in the Post-IPO Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the Post-IPO Share Option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the Post-IPO Share Options in respect of all or some of the Shares which the Post-IPO Share Option relates shall vest.

An offer of the grant of a Post-IPO Share Option 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 our Company of HK\$1.00 by way of consideration for the grant thereof is received by within the period specified in the letter containing the offer of the grant of the Post-IPO Share Option. Once such acceptance is made, the Post-IPO Share Option shall be deemed to have been granted and to have taken effect from the offer date.

If the grant of the Post-IPO Share Options relate to remuneration of our Directors, a shareholders' resolution approving the same or a shareholders' resolution determining the terms of the SARs must be obtained in addition to the Board resolution, prior to the granting of the relevant SARs.

7. Subscription price of Shares

The subscription price in respect of any particular Post-IPO Share Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Post-IPO Share Option (and shall be stated in the letter containing the offer of the grant of the Post-IPO Share Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of Share;
- (b) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date.

The subscription price shall also be subject to adjustment in accordance with paragraph 13 of this section.

8. Exercise of Post-IPO Share Options

- (a) A Post-IPO Share Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Post-IPO Share Option or purport to do so. Any breach of the foregoing shall entitle our Company to cancel, revoke or terminate any outstanding Post-IPO Share Option or part thereof granted to such grantee without any compensation.
- (b) A Post-IPO Share Option shall be exercised in whole or in part by the Grantee according to the procedures for the exercise of Post-IPO Share Option established by our Company from time to time. Every exercise of a Post-IPO Share Option must be accompanied by a remittance for the full amount of the subscription price for the Shares to be issued upon exercise of such Post-IPO Share Option. Our Company shall allot the relevant number of Shares to the grantee or his close associate (if permitted under the letter containing the offer of grant of Post-IPO Share Option and subject to the obligation to our Board of an Eligible Person or grantee as stated in the Post-IPO Share Option Scheme) and issue to the grantee or his close associate (if permitted as aforesaid) the share certificate(s) in respect of the Shares so allotted according to the procedures established by our Company from time to time.
- (c) Subject to paragraph 8(e) and any conditions, restrictions or limitations imposed in relation to the particular Post-IPO Share Option pursuant to the provisions of paragraphs 6, 10 or 12 and subject as hereinafter provided, a Post-IPO Share Option may be exercised at any time during the option period, provided that:
 - (i) if the grantee (being an individual) dies or becomes permanently disabled before exercising an Post-IPO Share Option (or exercising it in full), he (or his legal representative(s)) may exercise the Post-IPO Share Option up to the grantee's entitlement (to the extent not already exercised) within a

period of 12 months following his death or permanent disability or such longer period as our Board may determine;

- (ii) in the event of the grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to our Group at the relevant time, his Post-IPO Share Option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period;
- (iii) in the event of the grantee ceasing to be an Executive by reason of his transfer of employment to an affiliate company of our Company, his Post-IPO Share Option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board has determined;
- (iv) in the event of the grantee ceasing to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time, transfer of employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or culpable termination, the Post-IPO Share Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
- (v) in the event of the grantee ceasing to be an Executive by reason of the termination of his employment by resignation or culpable termination, the Post-IPO Share Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the grantee is notified of the termination of his employment (in the case of culpable termination) and not be exercisable unless our Board otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such service or notification. A resolution of our Board resolving that the Executive's Post-IPO Share Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (vi) if a grantee being an executive Director of ceases to be an Executive but remains a non-executive Director, his Post-IPO Share Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
- (vii) if (1) our Board in its absolute discretion at any time determines that a grantee has ceased to be an Eligible Person; or (2) a grantee has failed to or

no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Post-IPO Share Option or which were the basis on which the Post-IPO Share Option was granted, the Post-IPO Share Option (to the extent not already exercised) shall lapse on the date on which the grantee is notified thereof (in the case of (1)) or on the date on which the grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (2)) and not be exercisable unless our Board otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (1), a resolution of our Board resolving that the grantee's Post-IPO Share Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;

- (viii) if a grantee (being a corporation) (1) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee; or (2) has suspended ceased or threatened to suspend or cease business; or (3) is unable to pay its debts (within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any similar provisions under the Cayman Island Companies Law as amended from time to time); or (4) otherwise becomes insolvent; or (5) suffers a change in its constitution, directors, shareholding or management which in the opinion of our Board is material; or (6) commits a breach of any contract entered into between the grantee or his Associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by our Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless our Board otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the grantee's Post-IPO Share Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;
- (ix) if a grantee (being an individual) (1) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (2) has made any arrangements or compositions with his creditors generally; or (3) has been convicted of any criminal offence involving his integrity or honesty; or (4) commits a breach of any contract entered into between the grantee or his Associate and any member of our Group, the Post-IPO Share Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on

which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless our Board otherwise determines in which event the Post-IPO Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the grantee's Post-IPO Share Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

- (x) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Post-IPO Share Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (xi) in the event of an effective resolution being passed for the voluntary winding-up of our Company, and if the grantee immediately prior to such event had any subsisting Post-IPO Share Option which had not been fully exercised, the grantee may by notice in writing to our Company within one month after the date of such resolution elect to be treated as if the Post-IPO Share Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of Shares, such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof; and
- (xii) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have unexercised Post-IPO Share Option at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (1) the option period; (2) the period of two months from the date of such notice; and (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Post-IPO Share Option. Except insofar as exercised in accordance with this paragraph 8(c)(xii), all Post-IPO Share Option outstanding at the expiry of the relevant period referred to in this paragraph 8(c)(xii) shall lapse. Our

Company may thereafter require each grantee to transfer or otherwise deal with the Shares issued on exercise of the Post-IPO Share Option to place the grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any grantee to exercise an Post-IPO Share Option at any particular date, our Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular Post-IPO Share Option pursuant to the provisions of paragraph 6 and/or deem the right to exercise the Post-IPO Share Option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular Post-IPO Share Option such right shall not have then vested.

- (d) The Shares to be allotted upon the exercise of a Post-IPO Share Option shall be subject to all the provisions of the articles of incorporation of our Company and the laws of the Singapore in force from time to time and shall rank *pari passu* in all respects with then existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date. Subject as aforesaid, no grantee shall enjoy any of the rights of a shareholder by virtue of the grant of a Post-IPO Share Option pursuant to the Post-IPO Share Option Scheme.
- (e) Our Company is entitled to refuse any exercise of a Post-IPO Share Option if such exercise is not in accordance with the terms of the Post-IPO Share Option Scheme or the procedures for exercise of Post-IPO Share Option established by from time to time or if such exercise may cause to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong or Singapore or other jurisdiction where applicable or the GEM Listing Rules or any rules governing the Listing of the Shares on a Stock Exchange.

9. Lapse of Post-IPO Share Options

A Post-IPO Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Company:

- (a) the expiry of the option period;
- (b) the expiry of any of the periods referred to in paragraph 8(c);
- (c) (subject to paragraph 8(c)(xi)) the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the grantee or our Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance;

- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraphs 8(c)(viii), 8(c)(ix) or paragraph 9(d); or
- (f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Post-IPO Share Option, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

10. Maximum number of shares available for subscription

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. Post-IPO Share Options previously granted under the Post-IPO Share Option Scheme and any other share acquisition rights schemes (including those outstanding, cancelled, and lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other share acquisition right schemes or exercised options under the said schemes of our Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall send a circular containing the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules to our Shareholders. In addition, our company may seek separate approval from our Shareholders, in general meeting for granting Post-IPO Share Options beyond the Scheme Mandate Limit, provided that the Post-IPO Share Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to our shareholders containing the information required under Rule 23.03(3) of the GEM Listing Rules.

Notwithstanding the preceding paragraph, the maximum number of Shares to be issued upon exercise of all outstanding Post-IPO Share Options granted and yet to be exercised under the Post-IPO Share Option Scheme (and under any other Post-IPO share acquisition rights of our Company) shall not exceed 30% of the shares in issue from time to time.

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. The applicable requirements of Rule 23.03(4) of the GEM Listing Rules shall be complied with.

The maximum numbers set out in this paragraph 10 above shall be subject to adjustment in accordance with paragraph 12 but shall not in any event exceed the limits imposed by Chapter 23 of the GEM Listing Rules.

11. Maximum number of Shares per grantee who is a core connected person

Each grant of Post-IPO Share Options to a Director, chief executive or substantial Shareholder of our Company, or any of their respective associates under the Post-IPO Share Option Scheme shall be approved by independent non-executive Directors of our company (excluding the independent non-executive Director of our Company who is the proposed grantee of the Post-IPO Share Options). Where any grant of Post-IPO Share Options to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all Post-IPO Share Options already granted and which may be granted (including Post-IPO Share Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Post-IPO Share Options must be approved by our Shareholders.

Our Company shall send a circular to our Shareholders containing the information required under Rule 23.04 of the GEM Listing Rules. The relevant Eligible Person, his associates and all core connected persons of our Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such Post-IPO Share Option must be taken on a poll.

12. Cancellation of Post-IPO Share Options

Our Board shall be entitled for the following causes to cancel any Post-IPO Share Option in whole or in part by giving notice in writing to the grantee stating that such Post-IPO Share Option is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):

- (a) the grantee commits or permits or attempts to commit or permit a breach of paragraphs 4(d) or 8(b) of this Appendix or any terms or conditions attached to the grant of the Post-IPO Share Option;
- (b) the grantee makes a written request to our Board for, or agrees to, the Post-IPO Share Option to be cancelled; or
- (c) if the grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Post-IPO Share Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Post-IPO Share Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case. Where our Company cancels a Post-IPO Share Option held by a grantee and issues new Post-IPO Share Options to the same grantee, the issue of such new Post-IPO Share Options may only be made under the Post-IPO Share Option Scheme with available unissued Post-IPO Share Options (excluding the cancelled Post-IPO Share Options) within the limit approved by our Shareholders set out in paragraph 10 of this section.

13. Reorganisation of capital structure

In the event of any change in the capital structure of our Company while any Post-IPO Share Option may become or remains exercisable, whether by way of a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the number of Shares subject to outstanding Post-IPO Share Option;
- (b) the subscription price of each outstanding Post-IPO Share Option; and/or
- (c) the number of Shares subject to the Post-IPO Share Option Scheme.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors or the independent financial advisors (as our Board may select) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 23.03(13) of the GEM Listing Rules (as amended from time to time) and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes, provided that:

- (a) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the GEM Listing Rules from time to time;
- (b) any such adjustments shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any Post-IPO Share Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (c) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (d) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option

schemes) for which any grantee is entitled to subscribe pursuant to the Post-IPO Share Options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the supplementary guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph 13 is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

14. Distributions

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividends in the ordinary course) (the "**Distribution**"), may make a downward adjustment to the subscription price of any Post-IPO Share Option granted but not exercised as at the date of such Distribution by an amount which our Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares provided that (a) our Board's determination of any adjustments shall be final and binding on all Grantees; (b) the amount of adjustment shall not exceed the amount of such Distribution to be made to our Shareholders; (c) such adjustment shall take effect on or after the date of such Distribution by our Company; (d) any adjustment provided for in this paragraph 14 shall be cumulative to any other adjustments contemplated under paragraph 13 or approved by our Shareholders in general meeting; and (e) the adjusted subscription price shall not, in any case, be less than the nominal value of the Shares.

15. Share capital

The exercise of any Post-IPO Share Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of Post-IPO Share Options.

16. Disputes

Any dispute arising in connection with the Post-IPO Share Option Scheme (whether as to the number of Shares, the subject of a Post-IPO Share Option, the amount of the subscription price or otherwise) shall be referred to the auditors or the independent financial advisors (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

17. Alteration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting:

- (a) any material alteration to its terms and conditions or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Post-IPO Share Option Scheme);
- (b) any alteration to the provisions of the Post-IPO Share Option Scheme in relation to the matters set out in Rule 23.03 of the GEM Listing Rules;
- (c) any change to the authority of our Directors in relation to any alteration to the terms of the scheme; and
- (d) any alteration to this paragraph 17,

provided always that the amended Terms of the Post-IPO Share Option shall comply with the applicable requirements of Chapter 23 of the GEM Listing Rules.

18. Termination

Our Company by resolution in general meeting may at any time terminate the operation of the Post-IPO Share Option Scheme. Upon the expiry or termination of the Post-IPO Share Option Scheme as aforesaid, no further Post-IPO Share Options shall be offered but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. All Post-IPO Share Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with Terms of the Post-IPO Share Option Scheme.

H. OTHER INFORMATION

1. Litigation

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

2. Preliminary expenses and the Sole Sponsor's fees

Our preliminary expenses were approximately S\$315 and were paid by us.

The Sole Sponsor will be paid by our Company an aggregate fee of HK\$4.0 million to act as the Sole Sponsor to the Placing.

3. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Placing and the related transactions described in this prospectus.

4. Application for Listing

The Sole Sponsor have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any Share to be issued pursuant to the exercise of the Pre-IPO Share Options and Post-IPO Share Options on the GEM of the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospectus of our Group since 31 May 2016, the date of the latest audited consolidated financial statements of our Group up to the date of this prospectus.

6. Agency fees and commissions received

The Underwriters will receive an underwriting commission as referred to in "Underwriting — Commissions and Expenses" in this prospectus.

7. Qualifications of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, who have given their opinion and/or advice in this prospectus are as follows:-

Name	Qualifications
KGI Capital Asia Limited	Licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Bird & Bird ATMD LLP	Qualified lawyers in Singapore
Tay & Partners	Qualified lawyers in Malaysia
Khaitan & Co	Qualified lawyers in India
BDO Limited	Certified public accountants

Name	Qualifications
BDO Tax Advisory Pte Ltd	Tax advisers in Singapore and Malaysia
Frost & Sullivan International Limited	Research and analysis services provider
Hogan Lovells	Hogan Lovells is a global law firm. The Hong Kong office of Hogan Lovells advised on the application of any International Sanctions, including International Sanctions administered by the US, UN, Australia and EU, on our Group's sales of products through a channel partner to locations in Myanmar during the Track Record Period

8. Consents

Each of the experts listed in the preceding paragraph has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names and/or opinions included herein in the form and context in which they are respectively included.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

10. Taxation of holders of our Shares

Dealings in Shares registered on our share register will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Dividends paid on Shares will not be subject to tax in Hong Kong and no tax is imposed in Hong Kong in respect of capital gains. However, profits from dealings in the Shares derived by persons carrying on a business of trading or dealings in securities in Hong Kong arising in or derived from Hong Kong may be subject to Hong Kong profits tax.

See "Laws and Regulations — Taxation" for further details.

11. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (i) within the two years preceding the date of this prospectus, no share or loan capital of our Company or of any of our principal operating subsidiaries has been issued agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our principal subsidiaries;
- (iii) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;
- (iv) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder Shares, management Shares or deferred Shares;
- (v) no share or loan capital of our Company or any of our consolidated subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (vi) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this prospectus;
- (vii) none of the parties (save in connection with the Underwriting Agreement) listed in "H. Other Information — 8. Consent" in this Appendix to this prospectus:
 - (a) is interested legally or beneficially in any securities of any member of our Group; or
 - (b) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (viii) no company within our Group is presently listed on any stock exchange or traded or any trading system; and
- (ix) there is no arrangement under which future dividends are waived or agreed to be waived.

12. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 321 of the Laws of Hong Kong).

14. Independence of the Sole Sponsor

KGI Capital Asia Limited satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

15. Tax indemnities given by our Controlling Shareholders

Under the Deed of Indemnities, our Controlling Shareholders (together, the “**Indemnifiers**”) have jointly and severally undertaken with our Company, subject to the terms of the Deed of Indemnities, to indemnify our Company and each member of our Group (on its own behalf and as a trustee of our Group) and at all times keep the same fully indemnified on demand against all taxation falling on any member of our Group resulting from, or by reference to any income, profit or gains earned, accrued or received and/or assets acquired on or before the Listing.

Subject to the limitation as stated in the Deed of Indemnities therein, the indemnifiers have also jointly and severally undertaken to indemnify each member of our Group and keep the same fully indemnified against any action, claim, loss, liability, damage, cost, charge, or expense which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any claim which is covered by the tax indemnities set out above that has arisen before the Listing and any expenses including, but not limited to, all reasonable costs (including legal costs), charges, expenses, penalties and other liabilities which any member of our Group may reasonably and properly incur in connection with:

- (a) the investigation, assessment or contesting of any such claim;
- (b) the settlement of any such claim;
- (c) any legal proceeding in which any member of our Group claims under or in respect of the Deed of Indemnities and in which judgment is given in favour of any member of our Group; and
- (d) the enforcement of any such settlement or judgment in respect of any such claim.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of each of the material contracts referred to in paragraph (o) of this Appendix; (ii) the written consents referred to in paragraph (q) of this Appendix; and (iii) the statement of adjustment referred to in paragraph (d) below.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons, 5/F Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Constitution;
- (b) the Singapore Companies Act;
- (c) the accountants' report from BDO Limited, the text of which is set out in Appendix I to this prospectus;
- (d) a letter dated 30 November 2016 issued by BDO Limited on the statement of adjustment in relation to our historical financial statements during the Track Record Period;
- (e) the report from BDO Limited on our unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (f) the audited financial statements as have been prepared for the companies comprising our Group for the two financial years ended 31 May 2015 and 2016;
- (g) the letter dated 30 November 2016 issued by our Singapore Legal Advisers, summarising certain aspects of our Constitution and the salient provisions of Singapore laws as referred to in "Laws and Regulations" and Appendix III to this prospectus;
- (h) the Singapore legal opinion dated 30 November 2016 prepared by our Singapore Legal Advisers in respect of the Listing, our operations and other general matters;
- (i) the letter dated 30 November 2016 issued by Tay & Partners, our legal advisers as to Malaysia laws, summarising certain aspects of Malaysia laws and regulations as referred to in "Laws and Regulations";
- (j) the Malaysia legal opinion dated 30 November 2016 prepared by Tay & Partners, our legal advisers as to Malaysia laws, in respect of the corporate matters and operations of Anacle Malaysia;
- (k) the letter dated 30 November 2016 issued by Khaitan & Co, our legal advisers as to India laws, summarising certain aspects of India laws and regulations and India tax consequences which may be applicable to our Group and Shareholders as referred to in "Laws and Regulations";

- (l) the India legal opinion dated 30 November 2016 prepared by Khaitan & Co, our legal advisers as to India laws, in respect of the corporate matters and operations of Anacle India;
- (m) the Frost & Sullivan Report;
- (n) the letter dated 30 November 2016 issued by our Tax Advisers, summarising certain aspects of Singapore and Malaysia tax consequences which may be applicable to our Group and Shareholders as referred to in "Laws and Regulations";
- (o) the material contracts referred to in "Appendix IV — Statutory and General Information — C. Further Information about the Business of our Company — 1. Summary of Material Contracts";
- (p) the service agreements and letters of appointment referred to in "Appendix IV — Statutory and General Information — D. Further Information about our Directors, Chief Executive and Substantial Shareholders — 2. Particulars of Directors' Service Agreements and Letters of Appointment";
- (q) the written consents referred to in "Appendix IV — Statutory and General Information — H. Other Information — 8. Consents";
- (r) the legal memorandum prepared by Hogan Lovells in relation to International Sanctions laws;
- (s) the rules of the Pre-IPO ESOPs;
- (t) the rules of the Post-IPO Share Option Scheme; and
- (u) this prospectus.

Anacle Systems Limited
安科系統有限公司*