



2017 THIRD QUARTERLY REPORT

Anacle Systems Limited

安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)
Stock code : 8353

** for identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

TABLE OF CONTENTS

DEFINITIONS.....	4
CORPORATE INFORMATION.....	6
FINANCIAL HIGHLIGHTS.....	8
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	11
MANAGEMENT DISCUSSION AND ANALYSIS.....	18
FUTURE PROSPECT AND OUTLOOK.....	20
FINANCIAL REVIEW.....	21
CORPORATE GOVERNANCE AND OTHER INFORMATION	25

DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“commercialisation”	a product is considered commercially launched once our product generates its first dollar of revenue
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date, dealings in the Shares commence on GEM
“Ordinary Share(s)”	ordinary share(s) of nil par value in the share capital of the Company
“Placing”	the placing of the Shares on 16 December 2016
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preference Share(s)”	Series A Preference Share(s), Series B Preference Share(s), Series C Preference Share(s) and Series D Preference Share(s)
“Prospectus”	the prospectus issued on 30 November 2016 in connection with the Placing
“Reporting Period”	the nine months ended 28 February 2017
“Required Standard of Dealings”	The required standard of dealings in securities pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules

DEFINITIONS

“Series A Preference Share(s)”	300,000 Preference Shares issued by the Company to the Series A investors in September 2006, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series B Preference Share(s)”	434,782 Preference Shares issued by the Company to the Series B investors in two tranches in September 2007 and January 2008, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series C Preference Share(s)”	722,823 Preference Shares issued by the Company to the Series C investors in March 2010, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series D Preference Share(s)”	824,117 Preference Shares issued by the Company to the Series D investors in December 2013 and 5,734 Preference Shares issued in June 2016, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“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 the Company
“Shareholder(s)”	holder(s) of the Shares
“Singapore”	the Republic of Singapore
“S\$” or “Singapore dollars”	the lawful currency of Singapore
“TESSERACT”	An advanced Internet of Things, smart metering and controlling platform for Starlight which handles big data in the software

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)

Prof. Wong Poh Kam

Mr. Robert Chew

Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Elango Subramanian

Mr. Li Man Wai

BOARD COMMITTEES

Audit Committee

Mr. Li Man Wai (*Chairman*)

Mr. Elango Subramanian

Mr. Robert Chew

Remuneration Committee

Mr. Elango Subramanian (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Prof. Wong Poh Kam

Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Mr. Elango Subramanian

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Mr. Kwok Siu Man

Ms. Sylvia Sundari Poerwaka

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex

Mr. Ong Swee Heng

AUDITORS

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

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road

North Point

Hong Kong

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1 Fusionopolis View

#08-02 Sandcrawler

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

CORPORATE INFORMATION

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Bay Boulevard, Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY WEBSITE

www.anacle.com

GEM STOCK CODE

8353

FINANCIAL HIGHLIGHTS

	Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Revenue	9,932,863	8,119,637
Gross profit	5,643,423	5,042,519
(Loss)/Profit before tax	(1,532,663)	1,764,259
Adjusted net profit before tax	1,851,720	1,941,598

- The Group's total revenue increased by **22.33%** to approximately S\$9.93 million in the nine months ended 28 February 2017 from approximately S\$8.12 million in the nine-month period ended 29 February 2016.
- The Group's gross profit increased by **11.92%** to approximately S\$5.64 million in the nine months ended 28 February 2017 from approximately S\$5.04 million in the nine-month period ended 29 February 2016.
- The Group recorded a net loss before tax of approximately S\$1.53 million for the nine months ended 28 February 2017 (29 February 2016: Profit S\$1.76 million). The net loss before tax for the Reporting Period was mainly due to the recognition of the one-off listing expenses of approximately S\$2.21 million (29 February 2016: S\$Nil), one-off warrant cancellation expense of approximately S\$0.90 million (29 February 2016: S\$Nil) and employee share-based payment of approximately S\$0.27 million (29 February 2016: S\$0.18 million). For the Reporting Period, the Group's adjusted net profit before tax excluding the above was approximately S\$1.85 million (29 February 2016: S\$1.94 million).
- The Board does not declare the payment of an interim dividend for the nine months ended 28 February 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended		Nine months ended	
		28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Revenue	4	5,383,075	4,677,089	9,932,863	8,119,637
Cost of Sales		(2,315,397)	(1,017,968)	(4,289,440)	(3,077,118)
Gross profit		3,067,678	3,659,121	5,643,423	5,042,519
Other revenue	5	-	69,768	28,718	103,673
Other gains and losses	6	(273,703)	(10,834)	(330,525)	(48,831)
Marketing and other operating expenses		(372,895)	(183,234)	(881,237)	(460,290)
Administrative expenses		(1,145,711)	(581,979)	(5,909,209)	(1,736,198)
Research and development costs		(32,992)	(359,269)	(82,946)	(1,091,692)
Finance costs		-	(21,425)	(887)	(44,922)
Profit/(Loss) before income tax	7	1,242,377	2,572,148	(1,532,663)	1,764,259
Income tax expense	8	45	-	(3,886)	(719,142)
Profit/(Loss) for the period		1,242,422	2,572,148	(1,536,549)	1,045,117
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		(3,285)	(5,119)	18,649	24,687
Total comprehensive income for the period		1,239,137	2,567,029	(1,517,900)	1,069,804
Earnings/(Loss) per share					
Basic and diluted (Singapore cents)	10	0.38	78.38	(0.47)	31.85

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares S\$	Preference shares S\$	Share premium S\$	Share-based compensati on reserve* S\$	Exchange- fluctuation reserve* S\$	(Accumulated losses)/retained profits S\$	Total S\$
At 1 June 2016 (audited)	10,000	6,955,000	-	756,707	48,460	44,817	7,814,984
Loss for the period	-	-	-	-	-	(1,536,549)	(1,536,549)
Other comprehensive income	-	-	-	-	18,649	-	18,649
Total comprehensive income	-	-	-	-	18,649	(1,536,549)	(1,517,900)
Issuance of preference shares	-	34,998	-	-	-	-	34,998
Issuance of ordinary shares	6,989,998	(6,989,998)	-	-	-	-	-
Share issuance of 100,000,000 by way of placing	13,756,600	-	-	-	-	-	13,756,600
Share issuance expenses	-	-	(1,297,014)	-	-	-	(1,297,014)
Recognition of share- based payment expenses	-	-	-	273,324	-	-	273,324
At 28 February 2017 (unaudited)	20,756,598	-	(1,297,014)	1,030,031	67,109	(1,491,732)	19,064,992
At 1 June 2015 (audited)	10,000	6,955,000	-	554,859	14,655	(2,448,881)	5,085,633
Profit for the period	-	-	-	-	-	1,045,117	1,045,117
Other comprehensive income	-	-	-	-	24,687	-	24,687
Total comprehensive income	-	-	-	-	24,687	1,045,117	1,069,804
Recognition of share- based payment expenses	-	-	-	177,339	-	-	177,339
At 29 February 2016 (unaudited)	10,000	6,955,000	-	732,198	39,342	(1,403,764)	6,332,776

* The total of these equity accounts represent "Reserves" in the condensed consolidated statement of financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a “public company limited by shares” under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company’s registered office and principal place of business is 1 Fusionopolis View, #08-02 Sandcrawler, Singapore 138577.

The Company was listed on the GEM on 16 December 2016.

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

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the nine months ended 28 February 2017 and 29 February 2016 (the “**Third Quarterly Financial Statements**”) were approved for issue by the Board on 10 April 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 May 2016 (the “**2016 Financial Statements**”) set out in Appendix I to the prospectus of the Company dated 30 November 2016 (the “**Prospectus**”). The 2016 Financial Statements have been prepared in accordance with the accounting policies that conform to the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). The accounting policies and methods of computation used in the preparation of the consolidated Interim Financial Statements are consistent with those used in the preparation of the 2016 Financial Statements, except that the Group has adopted a number of new or revised IFRSs, which are newly effective for the current period. The adoption of these new or revised IFRSs had no change in significant accounting policies and no significant effect on the financial results of the current period. Also, no prior period adjustment is required.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The Group has not applied or early adopted the new or revised IFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results. The Group is currently assessing the impact of these new or revised IFRSs upon initial application but is not yet in a position to state whether these new or revised IFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group's accounting policies in the accounting periods when they first become effective.

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategy 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	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Revenue from external customers	7,649,571	6,073,313	2,283,132	2,046,092	160	232	9,932,863	8,119,637
Gross profit/(loss)	5,032,424	4,480,107	621,856	573,291	(10,857)	(10,879)	5,643,423	5,042,519
Depreciation and amortisation	419,874	90,449	123,453	141,943	9,646	9,648	552,973	242,040
Write-down of inventories	-	-	8,483	4	-	-	8,483	4
Reportable segment profit/(loss) before income tax	4,681,897	3,415,668	(35,640)	159,330	(12,432)	(11,568)	4,633,825	3,563,430

3. SEGMENT REPORTING (Continued)

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

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Profit/(Loss) before income tax				
Reportable segment profit	2,659,366	3,143,969	4,633,825	3,563,430
Other revenue	-	61,506	20,439	77,327
Other gains and losses	(272,738)	(10,771)	(322,043)	(48,827)
Finance costs	-	(21,425)	(887)	(44,922)
Unallocated expenses:		-		
- Staff costs	(369,163)	(259,896)	(1,352,776)	(692,103)
- Share-based payments	(89,322)	(23,718)	(273,324)	(177,339)
- Rental expenses	(174,968)	(171,191)	(525,655)	(528,505)
- Warrant cancellation expense	-	-	(897,000)	-
- Listing expenses	(219,277)	-	(2,214,059)	-
- Legal and professional fees	(145,154)	(14,459)	(149,070)	(20,538)
- Others	(146,367)	(131,867)	(452,113)	(364,264)
Consolidated loss before income tax	1,242,377	2,572,148	(1,532,663)	1,764,259

(c) Geographical information

The Group operates in three principal geographical areas – Singapore, Malaysia and other Asian countries.

The following table provides an analysis of the Group's revenue from external customers:

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Revenue from external customers				
Singapore	5,222,997	4,492,783	9,487,853	7,770,231
Malaysia	25,689	170,980	225,366	276,802
Others	134,389	13,326	219,644	72,604
	5,383,075	4,677,089	9,932,863	8,119,637

4. REVENUE

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Project income	4,749,496	4,135,682	8,082,619	6,483,335
Recurring service income	625,784	537,822	1,834,329	1,628,067
Rental income	7,795	3,585	15,915	8,235
	5,383,075	4,677,089	9,932,863	8,119,637

5. OTHER REVENUE

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Government grants	-	68,262	24,680	98,687
Others	-	1,506	4,038	4,986
	-	69,768	28,718	103,673

6. OTHER GAINS AND LOSSES

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Net exchange loss	272,737	10,830	322,042	48,827
Write-down of inventories	966	4	8,483	4
	273,703	10,834	330,525	48,831

7. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Staff costs (including directors' emoluments)	1,467,006	1,138,148	4,287,989	3,493,888
Salaries and allowances	129,684	98,490	407,485	299,666
Contributions to defined contribution retirement plans	89,322	23,718	273,324	177,339
Share-based payments	1,686,012	1,260,356	4,968,798	3,970,893
Less: amount capitalised as intangible assets	(230,490)	-	(714,122)	-
	1,455,522	1,260,356	4,254,676	3,970,893
Depreciation of property, plant and equipment	73,061	76,164	206,212	195,291
Amortisation of intangible assets	146,422	75,309	505,214	225,940
Write-down of inventories	966	4	8,483	4
Listing expenses	219,277	-	2,214,059	-
Warrant cancellation expenses	-	-	897,000	-

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$	28 February 2017 (unaudited) S\$	29 February 2016 (unaudited) S\$
Current tax	(45)	-	3,886	-
Deferred tax	-	-	-	719,142
Total	(45)	-	3,886	719,142

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited are calculated at 17%, 24% and 30.9% respectively for the nine months ended 28 February 2017 and 29 February 2016.

9. DIVIDEND

The Board does not declare the payment of an interim dividend for the nine months ended 28 February 2017 (29 February 2016: S\$Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share for the nine months ended 28 February 2017 is based on the loss attributable to the owners of the Company of S\$1,536,549 (29 February 2016: Profit S\$1,045,117), and on the weighted average number of 326,631,023 (29 February 2016: 3,281,722) Ordinary Shares in issue on the assumption that the 295,871,040 Ordinary Shares issued through the subdivision of ordinary and preference shares prior to the Listing have been effective since 1 June 2016.

The share options and warrants outstanding as at 28 February 2017 and 29 February 2016 had an anti-dilutive effect on the basic loss per share. Therefore, the basic and diluted loss per share for the nine months ended 28 February 2017 and 29 February 2016 are the same.

11. ISSUED CAPITAL

	Number of shares	S\$
Issued and fully paid		
Ordinary shares	1,000,000	10,000
Series A convertible preference shares	300,000	300,000
Series B convertible preference shares	434,782	499,999
Series C convertible preference shares	722,823	1,125,002
Series D convertible preference shares	824,117	5,029,999
As at 31 May 2016 (audited)	3,281,722	6,965,000
Issuance of Series D Preference Shares on 7 June 2016 (note i)	5,734	34,998
Issuance of ordinary shares (note ii)	295,871,040	-
Issue of ordinary shares by way of placing (note iii)	100,000,000	13,756,600
As at 28 February 2017 (unaudited)	399,158,496	20,756,598

Notes:

- (i) On 7 June 2016, 5,734 Series D Preference Shares were issued to iGlobe Platinum Fund Limited upon the exercise of the first tranche of warrants at a paid consideration of S\$34,998.
- (ii) On 24 November 2016, the shareholders resolved that each issued and allotted ordinary and preference shares 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 increased from 3,287,456 shares to 299,158,496 shares.
- (iii) In connection with the listing of shares of the Company (the "Listing") on the GEM of The Stock Exchange of Hong Kong Limited on 16 December 2016 (the "Listing Date"), 100,000,000 shares of the Company were issued at an issue price of HK\$0.74 by way of placing (the "Placing"). The gross total proceeds were S\$13,756,600 (HK\$ 74,000,000) before deduction of share issuance expenses of approximately S\$4,067,050, out of which, S\$1,297,014 is capitalised under share premium and S\$2,770,036 is recognised as expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 2006, the Group is a fast-growing IT company based in Singapore. We specialise in offering, via the on-premise model and SaaS delivery model, (i) enterprise application software which is designed to assist commercial property and building owners in managing their real estate assets and facilities, and (ii) energy management system which is designed to assist commercial property and building owners in monitoring and managing their energy consumption. Besides researching, designing, developing and implementing software and hardware solutions, we also provide 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.

The Shares were successfully listed on GEM on 16 December 2016 by way of Placing. The Directors believe that the Listing will assist the implementation of the Group's business strategies as stated in the Prospectus. The net proceeds from the Placing will provide financial resources to the Group to meet and achieve such business opportunities and strategies, which will further strengthen the Group's market position in Malaysia and business expansion to Hong Kong, the People's Republic of China and the Middle East. A public listing status will also enhance the Group's corporate profile and assist in reinforcing its brand awareness and market reputation.

BUSINESS REVIEW

The Group derived a majority of its revenue from **Simplicity** which is a self-developed enterprise application software solution that offers specific solutions for enterprise asset management, shared resources management, tenancy management, supply chain management, customer relationship management and financial management. **Starlight** is a self-developed energy management solution that 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. **SpaceMonster** is an online portal designed to bring together and match people who need short-term meeting and leisure facilities with organisations that own or manage such venues.

1. SIMPLICITY

The Company has been selected by Yokogawa Engineering Asia Pte Ltd ("**Yokogawa**") as the technology partner in its recent win of Asset Management System contract from the Singapore's Public Utilities Board (the "**PUB**"). This is a major win for both the Company and Yokogawa with this project being one of the largest Enterprise Asset Management contracts awarded in the region. PUB called for a public tender on 9 September 2016 and received a total of 10 proposals for asset management system ("**AMS**"). The project entails supply, delivery, implementation and maintenance aspects.

MANAGEMENT DISCUSSION AND ANALYSIS

1. SIMPLICITY (Continued)

For the Reporting Period, revenue from **Simplicity** amounted to approximately S\$7.65 million as compared to S\$6.07 million for the nine months ended 29 February 2016, respectively. The majority of the revenue is derived from project-based delivery of enterprise application software solutions based on the **Simplicity** software.

2. STARLIGHT

The Company has been selected by NEC Asia Pacific Pte Ltd ("**NEC APAC**") and Tuas Power Limited ("**Tuas Power**") as the technology partner in the recent award of energy management solution project by Mapletree Investments Pte Ltd ("**Mapletree**").

The project covers a portfolio of 42 buildings comprising commercial, industrial and logistics assets held directly under Mapletree across Singapore. Tuas Power and NEC APAC will be responsible for the energy supply and implementation of energy management solution respectively, while the Company will provide the metering hardware for the project. The project is estimated to bring in a contract of 2,500 **Starlight** meters for the Company.

Revenue from **Starlight** amounted to approximately S\$2.28 million and S\$2.05 million for the nine months ended 28 February 2017 and 29 February 2016, respectively. The majority of the revenue is derived from project-based delivery of energy management solutions based on the **Starlight** solution.

3. SPACEMONSTER

SpaceMonster is still under trial launch for the Reporting Period, and so had not recorded significant revenue.

FUTURE PROSPECT AND OUTLOOK

Our corporate objective is to achieve sustainable growth in our business and financial performance so that we can create long-term Shareholder value.

The Singapore markets for enterprise application software and building energy management systems remain robust and are expected to grow throughout 2017. The Directors are optimistic about the Group's growth in the new year.

The major new development is the successful achievement of all necessary type approvals for the TESSERACT, our revolutionary Internet-of-Things device for the smart energy market. The TESSERACT has vastly greater capabilities and computing power than smart meters at the same price range in the world. The Group can now move to commercialise the TESSERACT, which we expect will be a significant driver for the **Starlight** business unit in the next financial year.

The Company was successfully listed on the GEM on 16 December 2016. The listing proceeds have strengthened the Group's cash position and the Group will implement its future plans according to the use of proceeds set out in the Prospectus.

FINANCIAL REVIEW

REVENUE

Revenue for the group for the nine months ended 28 February 2017 increased by approximately 22.33% to S\$9,932,863 from S\$8,119,637 for the nine months ended 29 February 2016.

The increase in the revenue was attributed to an approximately 25.95% increase in **Simplicity** revenue to S\$7,649,571 for the Reporting Period from S\$6,073,313 for the nine months ended 29 February 2016. Revenue from **Starlight** increased by approximately 11.59% to 2,283,132 for the Reporting Period from S\$2,046,092 for the nine months ended 29 February 2016. Revenue from **SpaceMonster** decreased by approximately (31.03%) from S\$232 for the nine months ended 29 February 2016 to S\$160 for the Reporting Period.

Project based revenue of **Simplicity** increased by approximately 32.40% to S\$5,908,411 for the Reporting Period from S\$4,462,653 for the nine months ended 29 February 2016. Recurring services revenue of **Simplicity** had a moderate increase of approximately 8.10% to S\$1,741,160 for the Reporting Period from S\$1,610,660 for the nine months ended 29 February 2016. The significant increase in project based revenue was attributed to new **Simplicity** projects awarded during the Reporting Period.

Recurring services revenue of **Starlight** increased by approximately 435.24% to S\$93,169 for the Reporting Period from S\$17,407 for the nine months ended 29 February 2016. The increase was attributed primarily by commencement of support services for previously deployed **Starlight** solutions to customers. Rental revenue of **Starlight** increased by approximately 93.26% to S\$15,915 for the Reporting Period from S\$8,235 for the nine months ended 29 February 2016. The increase was primarily attributed to new implementations of Starlight solution under leasing model. Project based revenue of **Starlight** had a moderate increase of approximately 7.60% to S\$2,174,048 for the Reporting Period from S\$2,020,450 for the nine months ended 29 February 2016.

COST OF SALES

Cost of sales for the Group increased by approximately 39.40% to S\$4,289,440 for the Reporting Period from S\$3,077,118 for the nine months ended 29 February 2016.

Staff salaries remained the major component of cost of sales. It represented approximately 40.43% and 49.70% of the total cost of sales for the nine months ended 28 February 2017 and 29 February 2016, respectively. Professional fees and system fee, which includes hardware and licenses, represented approximately 47.22% and 42.67% of the total cost of sales for the nine months ended 28 February 2017 and 29 February 2016, respectively. Amortisation of product development accounted for approximately 11.78% and 7.34% of the total cost of sales for the nine months ended 28 February 2017 and 29 February 2016, respectively.

FINANCIAL REVIEW

COST OF SALES (Continued)

The increase in cost of sales for the Group was mainly attributed by an increase of **Simplicity** cost of sales by approximately 64.27% to S\$2,617,147 for the Reporting Period from S\$1,593,206 for the nine months ended 29 February 2016. **Starlight** cost of sales increased by approximately 12.80% for the Reporting period from S\$1,472,801 to S\$1,661,276 for the nine months ended 29 February 2016. **SpaceMonster** cost of sales decreased by (0.85%) for the Reporting Period from S\$11,111 to S\$11,017 for the nine months ended 29 February 2016.

The increase in cost of sales for **Simplicity** was mainly attributed by an increase in amortisation of approximately 432.31% to S\$419,874 from S\$78,878 for the nine months ended 28 February 2017 and 29 February 2016, respectively. The increase was attributed by additional amortisation of new version of **Simplicity**, which generated its first dollar of revenue during the Reporting Period. System fee which included hardware and licences increased by approximately 225.75% to S\$386,734 from S\$118,720 for the nine months ended 28 February 2017 and 29 February 2016, respectively. The increase in system fee was due to certain projects requiring the supply of hardware and licences. The increase of approximately 21.71% in **Simplicity** salary was mainly due to an increase in staff salary and a rate increase in contribution to retirement fund. Travelling cost for **Simplicity** increased to S\$24,413 from S\$8,656 for the nine months ended 28 February 2017 and 29 February 2016, respectively, because of increased overseas project deployments.

The increase in **Starlight** cost of sales was primarily attributed by a 67.82% increase in third party installation sub-contractors work due to more project implementation.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit margin increased by 11.92% to S\$5,643,423 from S\$5,042,519 for the nine months ended 28 February 2017 and 29 February 2016, respectively.

Simplicity gross profit increased to S\$5,032,424 or approximately 65.79% from S\$4,480,107 or approximately 73.77% for the nine months ended 28 February 2017 and 29 February 2016, respectively. **Starlight** gross profit increased to S\$621,856 or 27.24% for the Reporting Period as from S\$573,291 or 28.02% for the nine months ended 29 February 2016. **Spacemonster** gross loss remained relatively the same at (S\$10,857) and (S\$10,879) for the nine months ended 28 February 2017 and 29 February 2016, respectively because the Group has yet to formally launch **SpaceMonster**, which was expected to be after the Listing.

The overall increase in gross profit margin was attributed to higher revenue from more projects as well as more effective project management.

FINANCIAL REVIEW

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by S\$4,173,011 or approximately 240.35% to S\$5,909,209 for the Reporting Period from S\$1,736,198 for the nine months ended 29 February 2016. The increase was mainly attributed to the recognition of non-recurring listing expenses of approximately S\$2,214,059 (for nine months ended 29 February 2016: S\$Nil) and non-recurring warrant cancellation expense of S\$897,000 (for nine months ended 29 February 2016: S\$Nil). Warrant cancellation expense was paid in relation to termination and cancellation of the warrants for a bridging loan agreement dated 24 November 2015. The warrants gave the lenders the right to subscribe for 98,304 Series D Preference Shares within five years after 24 August 2015. On 4 October 2016, the warrants were irrevocably cancelled and terminated in consideration for a compensation of S\$897,000. The total salaries under administrative expense increased by S\$711,390 or 105.50% to S\$1,385,712 during the Reporting Period from S\$674,322 for the nine months ended 29 February 2016. The increase was primarily due to a payment of bonus and a general increase of salary.

FINANCE COSTS

Finance cost decreased significantly to S\$887 from S\$23,497 for the nine months ended 28 February 2017 and 29 February 2016, respectively. The Group repaid all of its borrowing obligations in August 2016 and the Group had S\$Nil shareholders loan for the Reporting Period (29 February 2016: S\$1,000,000). As a result of the full repayment of both bank and shareholders loans, the finance cost of the Group decreased significantly.

NET LOSS FOR THE PERIOD AND LOSS PER SHARE

The Group incurred net loss of approximately (S\$1,536,549) for the Reporting Period as compared to net profit of approximately S\$1,045,117 for the nine months ended 29 February 2016. The net loss for the period was mainly due to the recognition of non-recurring listing expenses of approximately S\$2,214,059 for the Reporting Period (29 February 2016: S\$Nil) and non-recurring warrant cancellation expense of S\$897,000 (29 February 2016: S\$Nil). Share-based payments for the Reporting Period was S\$273,324 as compared to S\$177,339 for the nine months ended 29 February 2016. Recognition of deferred tax assets as income tax expense amounted to S\$719,141 for the nine months ended 29 February 2016 as compared to S\$Nil for the Reporting Period. The non-recurring listing and warrant cancellation expenses were partly offset by the increase in gross profit as discussed above.

The Group's net profit before tax and after excluding non-recurring expenses and share-based payment was S\$1,851,720 for the Reporting Period as compared to S\$1,941,598 for the nine months ended 29 February 2016.

The calculation of basic loss per share for the nine months ended 28 February 2017 is based on the loss attributable to the owners of the Company of S\$1,536,549 (29 February 2016: Profit S\$1,045,117), and on the weighted average number of 326,631,023 (29 February 2016: 3,281,722) Ordinary Shares in issue on the assumption that the 295,871,040 Ordinary Shares issued through the subdivision of ordinary and preference shares prior to the Listing have been effective since 1 June 2016.

FINANCIAL REVIEW

NET LOSS FOR THE PERIOD AND LOSS PER SHARE (Continued)

The share options and warrants outstanding as at 28 February 2017 and 29 February 2016 had an anti-dilutive effect on the basic loss per share. Therefore, the basic and diluted loss per share for the nine months ended 28 February 2017 and 29 February 2016 are the same.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Shares of the Company were listed on GEM on 16 December 2016.

As at 28 February 2017, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Required Standard of Dealings, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Shares and the Underlying Shares

Name of Directors	Capacity / Nature of interest	Number of Shares / underlying Shares interested	Note	Total interests	Approximate percentage of shareholding
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,500,000	1	50,469,783	12.64%
	Beneficial interest	4,969,783	3		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	2	27,719,783	6.94%
	Beneficial interest	4,969,783	3		

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO. Ms. Anna Lau Wu You, Ms. Sara Lau Xiao Yu and Mr. Alex Lau Xuan Ye are children under the age of 18 of Mr. Lau and are deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.
- (3) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 28 February 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Long Positions in the Shares and the Underlying Shares (Continued)

Save as disclosed above, as at 28 February 2017, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required : (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Required Standard of Dealings, to be notified to the Company and the Stock Exchange.

The above Directors were granted share options under the Pre-IPO Share Option Schemes of the Company to subscribe for the Shares, which are exercisable in four equal tranches at the end of the year commencing on the date of grant and shall expire (i) 10 years from the date on which the share options become exercisable; or (ii) three years from the date on which the Company becomes listed on a stock exchange. The following table sets out the details of the share options under the Pre-IPO Share Option Schemes granted to the Directors as at 28 February 2017.

Name of Directors	Exercise price per Share	Number of underlying Shares comprised in the Pre-IPO Share Options Scheme	Date of grant	Approximate percentage of shareholding
Mr. Lau ⁽¹⁾	Approximately S\$0.01	4,969,783	10 March 2010	1.25%
Mr. Ong ⁽²⁾	Approximately S\$0.01	4,969,783	10 March 2010	1.25%

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO. Ms. Anna Lau Wu You, Ms. Sara Lau Xiao Yu and Mr. Alex Lau Xuan Ye are children under the age of 18 of Mr. Lau and are deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.
- (3) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 28 February 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 28 February 2017, so far as was known to the Directors, the following persons/entities (other than the Directors or the chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO :

Long Positions in the Shares and the Underlying Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of shareholding
Ng Yen Yen ⁽¹⁾	Interest of a spouse	45,500,000	4,969,783	12.64%
Anna Lau Wu You ⁽²⁾	Interest of a child	45,500,000	4,969,783	12.64%
Sara Lau Xiao Yu ⁽³⁾	Interest of a child	45,500,000	4,969,783	12.64%
Alex Lau Xuan Ye ⁽⁴⁾	Interest of a child	45,500,000	4,969,783	12.64%
Lim Lay Hong ⁽⁵⁾	Interest of a spouse	22,750,000	4,969,783	6.94%
BAF Spectrum Pte. Ltd. ⁽⁶⁾	Beneficial interest	39,565,162	-	9.91%
iGlobe Platinum Fund Limited ⁽⁷⁾	Beneficial interest	82,326,335	-	20.62%
Majuven Fund 1 Ltd. ⁽⁸⁾	Beneficial interest	36,528,219	-	9.15%
OWW Investments III Limited ⁽⁹⁾	Beneficial interest	20,873,307	-	5.23%
M1 TeliNet Pte. Ltd. ⁽¹⁰⁾	Interest in a controlled corporation	20,259,000	-	5.08%
M1 Limited ⁽¹⁰⁾	Beneficial interest	20,259,000	-	5.08%

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 the 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 the 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 the 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 the 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 the Company pursuant to the disclosure requirements of the SFO.
- (6) BAF Spectrum Pte. Ltd. is beneficially owned by Prof 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARE (Continued)

- (7) *iGlobe Platinum Fund Limited 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 Platinum Fund Limited 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.*
- (8) *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.*
- (9) *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.*
- (10) *M1 Limited wholly owns M1 TeliNet Pte. Ltd. and is deemed to be interested in the Shares held by M1 TeliNet Pte. Ltd.*
- (11) *The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 28 February 2017 (i.e. 399,158,496 Shares).*

Save as disclosed above, as at 28 February 2017, the Directors were not aware of any other persons/entities who/which had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

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

As at the date of this report, 31,179,876 Shares have been granted to 11 grantees under the terms of the Pre-IPO Share Option Schemes. These grantees comprised two Directors, four members of our senior management, and five current/former employees of the Group.

All outstanding Pre-IPO share options have not been exercised as at the date of this report.

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme, which was approved by written resolutions passed by the Shareholders on 24 November 2016. Since the adoption of the Post-IPO Share Option Scheme, no share option has been granted, exercised or cancelled by the Company under the Post-IPO Share Option Scheme and there were no outstanding share options under the Post-IPO Share Option Scheme as at 28 February 2017 and as at the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings upon listing of its shares on the GEM on the Listing Date.

The Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings during the period from the Listing Date to 28 February 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

The Shares were listed on the GEM on 16 December 2016. Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities from the Listing Date to 28 February 2017

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, neither the Compliance Adviser nor any of its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

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

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

To the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code during the period from the Listing Date to the date of this report.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the nine months ended 28 February 2017 (29 February 2016: S\$Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Board established the Audit Committee on 24 November 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Man Wai, Mr. Elango Subramanian and Mr. Robert Chew. Mr. Li Man Wai was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company. The 2017 Third Quarterly Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

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

Singapore, 10 April 2017