Anacle Systems Limited

Annual Report
31 May 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("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.

This report, for which the directors (the "Directors") of Anacle Systems Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("the GEM Listing Rules") for the purpose of giving information with regard to the Company. 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.

Content

Welcome To Our Annual Report 2017

To Explore Key Stories Of The Past Year And Find Out More About What's In Store.

You Can Also View Our Annual Report At www.anacle.com

Company Profile

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

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

AUTHORISED REPRESENTATIVES
Mr. Lau E Choon Alex
Mr. Ong Swee Heng

AUDITOR
BDO Limited

COMPLIANCE ADVISER
KGI Capital Asia Limited

HONG KONG LEGAL ADVISER
Deacons

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

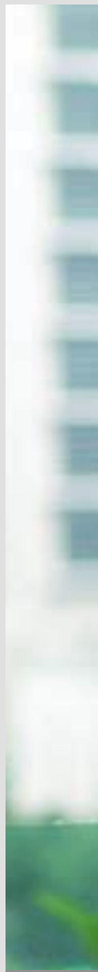
COMPANY WEBSITE
www.anacle.com

GEM STOCK CODE
8353

About Anacle

We Ignite Ideas

Established in 2006, we are a fast-growing technology company based in Singapore. We specialise in the design, development and implementation of enterprise application software and energy management system. Our products are used across various countries and regions including Singapore, Malaysia, Taiwan and other Asian countries. We specialise in several vertical markets, most notably, the commercial real estate, education, healthcare, government, utilities and oil and gas.



Vision & Mission

Insight • Ideas • Innovation

Our vision is to build a global technology company that will make socially positive and environmentally responsible improvements to our children's and their children's lives. Our mission is to design and deliver practical and easy to use innovations that will have immediate positive impact to our customers.

Company Values

We believe in a future that we create. We believe that we must be a source of good and a source of progress for mankind. We believe that we must always bring more value to our stakeholders, including staff, customers and shareholders, than we take from them. We believe that investment and results must be for the long term yet we must be financially prudent and sustainable.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Anacle Systems Limited (the "Company"), it is my pleasure to present to you the annual report of the Company and its subsidiaries (together the "Group") for the year ended 31 May 2017 ("FY2017").

Review

FY 2017 has been an eventful year for us. On 16 December 2016, the shares of the Company were successfully listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the"Stock Exchange") (the"Listing").

The Listing not only raised additional capital for our future development but also burnished our reputation in the market.

We have successfully launched the new version of our Simplicity Business Software and secured a number of big contracts for both our enterprise software and energy management businesses, further increasing our market share in Singapore.

Outlook

Overall, the demand for both enterprise software and energy management solutions continues to grow. The energy management industry continues to be buttressed by increasing awareness of the effects of climate change and the increasing need for energy saving and energy cost cutting by building operators and owners. The demand for enterprise software also remains strong due to the digitisation wave in the business world driven by higher labour costs and stronger productivity and corporate governance requirements.

We believe in developing products that are easy to use, affordable, and makes immediate impact. Continuous investment in research and development is our key strategy to stay ahead of competition and remain relevant to the industry. Our revolutionary new product for Starlight, the Tesseract, has received incredibly positive pre-launch feedback from the market.

Appreciation

On behalf of the Board, I would like to thank the professional parties, investors, customers, business partners, and employees for their contributions to our successful Listing.

I would also like to take this opportunity to express my sincere gratitude to our shareholders, customers, and business partners for their continuous support, and to our management and staff members for their dedication and contribution to the Group. With our experienced and dedicated management team as well as our drive for continuous improvements, I believe that the Group will continue to grow and maximise returns to our Shareholders.

Lee Suan Hiang
Chairman

Singapore, 25 August 2017

Financial Highlights

Financial Year 31 May 2017

S$13.3 m 2017 Revenue	**20.2%** 2017 Revenue Growth	**S$6.1 m** 2017 Gross Profit
S$0.7 m 2017 Adjusted Net Profit Before Tax (1)	**S$1.6 m** 2017 Adjusted EBITDA(2)	**S$2.3 m** 2017 Net Loss After Tax
S$19.7 m 2017 Total Assets	**S$4.8 m** 2017 Non-Current Assets	**S$14.9 m** 2017 Current Assets
S$2.3 m 2017 Total Liabilities	**S$0.4 m** 2017 Non-Current Liabilities	**S$1.9 m** 2017 Current Liabilities

(1) Adjusted Net Profit Before Tax is calculated as the Group's net income before tax excluding listing expenses and share based payments.
(2) Adjusted EBITDA is calculated as Adjusted Net Profit Before Tax excluding depreciation, amortisation and interest expenses.

Management Discussion and Analysis
Business Review and Outlook

Revenue for FY2017 increased by 20.2% as compared to that of the year ended 31 May 2016 ("FY2016").

Revenue for Simplicity for FY2017 increased by 18.6% as compared to that of FY2016. The increase was mainly attributable to 21.9% increase in project based revenue. There were a number of sizeable projects acquired during FY2016 which contributed to the increase, most notably the Asset Management System tender from the Singapore Public Utilities Board, which at S$ 6.7 million is the largest Simplicity project acquired by the Company to date.

Recurring service revenue from maintenance and subscription fee increased by 7.4%. Recurring service income will steadily increase year-on-year as an increasing number of Simplicity software implementations move to maintenance phase, and as more customers adopt our Software–as-a-Service ("SaaS") offering.

Increased demand for energy management systems has contributed to a growth of 25.9% in total revenue from Starlight.

Project based revenue from implementation of Starlight energy management system increased by 22.9%. A significant portion of the revenue is contributed by the Nanyang Technological University Utilities Management System Tender won by the Company, which at S$ 4.4 million is the largest Starlight project acquired by the Company to date.

Revenue from recurring maintenance service and rental subscription from SaaS model have increased significantly by 453.3% and 108.3% respectively during FY2017.

Continuous effort in new product development and market expansion to maintain year-on-year revenue growth

Management Discussion and Analysis

Financial Review

2017 Revenue

(By Product Lines)

Revenue

(S$ 000)

Simplicity	May 2017	May 2016
Project	8,174	6,705
Recurring Service	2,100	1,956
Total	**10,274**	**8,661**

Starlight	May 2017	May 2016
Project	2,951	2,402
Recurring Service	84	15
Rental	25	12
Total	**3,060**	**2,429**

Revenue for FY2017 increased by 20.2% as compared to that of FY2016.

Revenue for Simplicity for FY2017 increased by 18.6% as compared to that of FY2016. The increase was mainly attributable to 21.9% increase in project based revenue. There were a number of sizeable projects acquired during FY2017 which contributed to the increase.

Recurring service revenue from maintenance and subscription fee increased by 7.4%. Recurring service income will steadily increase year-on-year as an increasing number of Simplicity software implementations move to maintenance phase, and as more customers adopt our Software–as-a-Service ("SaaS") offering.

Increased demand for energy management system has contributed to a growth of 25.9% in total revenue from Starlight. Project based revenue from implementation of Starlight energy management system increased by 22.9%. Revenue from recurring maintenance service and rental subscription from SaaS model have increased significantly by 453.3% and 108.3% respectively during FY2017.

Rental subscription from SaaS model has been gaining popularity among building owners and energy retailers. Recurring service revenue from maintenance is also expected to grow steadily year-on-year as more Starlight energy management systems are being completed and transiting to maintenance phase.

Management Discussion and Analysis
Financial Review

Cost of Sales
(S$ 000)

	Simplicity		Starlight		SpaceMonster	
	May 2017	May 2016	May 2017	May 2016	May 2017	May 2016
Salaries	2,241	1,807	262	316	-	-
Professional Fees	386	138	996	952	-	-
System Fee	1,497	155	1,177	702	-	-
Amortisation	539	105	91	183	13	13
Others	25	1	18	9	1	1
Total	**4,688**	**2,206**	**2,544**	**2,162**	**14**	**14**

Total cost of sales for FY2017 was increased by 65.3% or S$ 2,862,793 from S$ 4,383,320 in FY2016 to S$ 7,246,113. The increase in cost of sales for the Group was mainly attributed by an increase in Simplicity cost of sales by S$ 2,481,640 followed by a moderate increase in Starlight cost of sales by S$ 381,116. Increase in SpaceMonster support cost was S$ 37.

System fees such as hardware and licences contributed to the bulk of increase in Simplicity's cost of sales. This was mainly due to certain projects requiring the supply of third party hardware and software licences. The increase in amortisation expense was due to an additional amortisation of the new version of Simplicity which generated its first dollar of revenue during FY2017. The increase in salary was due to an increase in per headcount salary. A moderate increase in professional fees was attributed to more technical support activities have been outsourced to a more cost effective overseas centre.

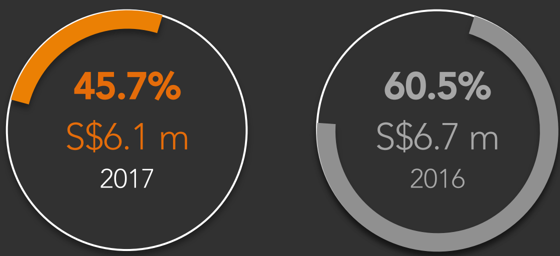
Hardware and outsourced installation service also contributed to the majority of Starlight's increase in cost of sales.

The increase in system and professional fees was partially offset by the decrease in salaries and amortisation expenses. Manpower efforts during FY2017 was focused on sales and business development. Amortisation for Starlight decreased during FY2016 because one of the products in the Starlight portfolio has reached the end of its life.

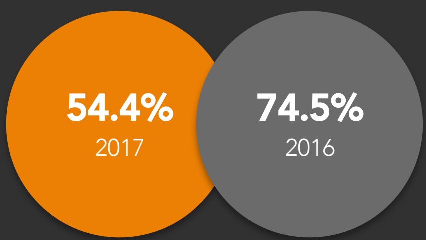
Management Discussion and Analysis

Financial Review

Gross Profit

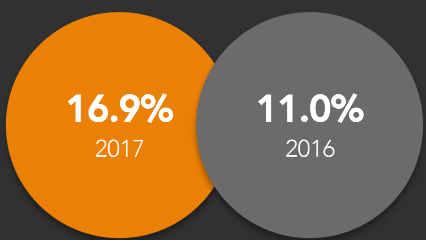


Simplicity



Gross profit of Simplicity decreased by S$ 868,020 during the Year from S$ 6,454,513 in the financial year 31 May 2016 to S$ 5,586,493. The decrease was due to overall increase in cost of sales.

Starlight



Gross profit of Starlight increased moderately by S$ 249,096 during the Year from S$ 266,628 in the financial year 31 May 2016 to S$ 515,724.

Other Revenue

Capitalised government grant for Starlight wireless technology was fully amortised during FY2017 and there was a decrease in non-recurring other government grant received.

	May 2017 (S$ 000)	May 2016 (S$ 000)
Government Grants	57	204
Others	3	4
	60	208

	May 2017 (S$ 000)	May 2016 (S$ 000)
Net exchange loss	381	56
Slow-moving inventories	72	4
Disposal of asset	5	-
Receivables impairment	28	-
	486	60

Other Gains and Losses

Exchange loss was mainly due to i) one-off unrealised foreign exchange loss of S$ 331,281 arising from translation of listing proceeds in Hong Kong Dollars to Singapore Dollars. Hong Kong Dollars weakened by 4.61% from the listing day to 31 May 2017; ii) S$ 26,868 arising from translation of intercompany balances by subsidiaries in Malaysia and India. Disposal of asset pertained to Anacle Malaysia office renovation write-off due to office relocation.

Marketing and Other Operating Expenses

The Group has vigorously increased its sales and marketing effort by hiring new sales staff and participating actively in multiple marketing events. Logistics and distribution expense increased as there were more projects and deployments during FY2017. Increase in new hires contributed to S$ 530,488 in the overall increase.

	May 2017 (S$ 000)	May 2016 (S$ 000)
Sales & Marketing	1,160	585
Logistics & Distributions	259	137
	1,419	722

	May 2017 (S$ 000)	May 2016 (S$ 000)
Staff emoluments	1,612	896
Staff recruitment, benefit and others	184	84
Share-Based Payment	362	202
Depreciation	226	223
Audit Fees	114	28
Rent	719	713
Directors' fees	78	-
Professional fees	307	16
Others	251	115
	3,853	2,277

Administration Expenses

Administrative expenses increased by S$ 1,576,248. The increase in staff cost was due to payment of bonus of S$ 370,059, more off-days taken by staff during the year and more time spent on training. More benefits were extended to staff, such as, the "bring-your-own-device" scheme introduced to give staff monetary subsidy for purchase of personal computers. There was also increased efforts in staff recruitment, via participation in university career fairs, engagement of employment agencies and online job advertisements. The recruitment was targeted at both sales staff and engineers. Professional fees increased due to additional compliance cost after the Listing. Likewise, auditors remuneration also increased post Listing. The increase in share-based payment was due to additional share options given to staff, the details of which is in note 33 to the audit report. The increase in office rent was due to relocation of Anacle Malaysia to a bigger office.

Research and Development Cost

The Group incurred S$ 55,407 and S$ 37,016 during FY2017 for Simplicity version 8 and Starlight product improvements. New functionalities and features were added to Simplicity and Starlight energy meters.

	May 2017 (S$ 000)	May 2016 (S$ 000)
Simplicity	55	-
Starlight	37	33
	92	33

Management Discussion and Analysis

Financial Review

Finance Cost

The Group repaid all of its borrowing obligations in August 2016. Interest expense for FY2017 was S$ 887 as compared to S$ 46,124 in FY2016.

Listing Expenses

The Company's shares were listed on the GEM of the Stock Exchange of Hong Kong Limited on 16 December 2016. The total listing expenses incurred was S$ 4,379,781, of which S$ 2,447,780 was recognised as an expense in FY2017 (2016: S$ 555,977) and S$ 1,376,024 was recognised as a deduction to equity.

Warrant Cancellation Expense

Warrant cancellation expense of S$897,000 pertained to payments to the Company's pre-IPO shareholders for the cancellation of their warrants from a previous working capital loan extended to the Company. The consideration was based on negotiation between the Company and the affected pre-IPO shareholders. For further details, please refer to the section "History and Development – Our Warrants" in the Prospectus and to note 32 (a) in the audit report.

Income Tax Expense

Income tax for FY2017 of S$ 172,430 comprised of under provision of overseas tax in respect of prior years amounting to S$ 4,737 and provision for deferred tax liabilities of S$ 167,693.

Highlights

Adjusted earnings before interest, tax, depreciation and amortisation (the "EBITDA") for FY2017 was S$ 1,609,036 as compared to S$ 4,597,495 for FY2016.

A decrease of S$ 2,988,459 is attributable to :
i) S$ 944,009 increase in staff remuneration;
ii) S$ 354,170 increase in performance bonus for staff (there was no performance bonus paid to the two executive Directors);
iii) S$ 426,307 increase in other gains and losses was mainly due to foreign exchange loss arising from translation of listing proceeds in Hong Kong dollars to Singapore dollars as discussed in the section "Other Gains and Losses" on page 13 ;
iv) an increase of S$ 291,064 in professional and other fees as a result of increase in compliance cost after Listing;
v) sales, marketing, distribution and product development costs increased by S$ 166,436 and S$ 7,125 respectively;
vi) Staff recruitment, benefits, other employment costs and other general administration expenses increased by S$ 100,733 and S$ 140,650 respectively;
vii) auditors remuneration post listing increased by S$ 85,558;
viii) fees paid to three independent non-executive Directors and three non-executive Directors was S$ 77,676;
ix) S$ 246,643 represented a decrease in gross profit, where gross profit is calculated as revenue less cost of sales excluding amortisation; and
x) a decrease of S$ 148,088 in other revenue is as discussed in section "Other Revenue" on page 13.

	May 2017 (S$ 000)	May 2016 (S$ 000)
(Loss) / Profit Before Tax	(2,152)	3,221
Income Tax Expense	(172)	(727)
(Loss) / Profit After Tax	(2,324)	2,494

	May 2017 (S$ 000)	May 2016 (S$ 000)
(Loss) / Profit Before Tax	(2,152)	3,221
Add:		
Listing Expenses	2,448	556
Share-Based Payments	362	202
Adjust for:		
Depreciation and Amortisation	950	572
Finance Cost	1	46
Adjusted EBITDA (unaudited)	1,609	4,597

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

/ NET CURRENT ASSET

S$ 12,972,279

May 2016 : S$ 4,001,066

/ CASH

S$ 7,134,663

May 2016 : S$ 2,773,551

The shares of the Company (the "Shares") were successfully listed on the GEM on 16 December 2016 (the "Listing"). During FY2017, the Group financed its operations by internally generated cash flow and net proceeds raised from the Listing.

Net proceeds raised from the Listing after deducting listing expenses was approximately S$ 9,376,819.

/ GEARING RATIO

0%

May 2016 : 0.5%

Gearing ratio is calculated by dividing total bank borrowings by total equity. The Group did not have any outstanding borrowings as at 31 May 2017 (31 May 2016: S$ 42,017).

/ CURRENT RATIO

7.7 x

May 2016 : 3.0 x

Current ratio is current assets divided by current liabilities. The significant increase was mainly due to cash proceeds from the Listing and timely settlement of the Group's suppliers.

/ QUICK RATIO

7.5 x

May 2016 : 2.8 x

Quick ratio is current assets less inventories divided by current liabilities. The significant increase was mainly due to cash proceeds from the Listing and timely settlement of the Group's suppliers.

/ TOTAL EQUITY

S$ 17,388,594

May 2016 : S$ 7,814,984

/ ISSUED SHARE CAPITAL

S$ 20,756,598

The capital of the Group comprises only ordinary shares. As at 31 May 2017, the number of the Company's issued ordinary shares was 399,158,496.

Management Discussion and Analysis

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no significant investment, material acquisition and disposal of subsidiaries and associated companies during FY2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets other than those disclosed in the prospectus of the Company dated 30 November 2016 (the "Prospectus").

COMMITMENTS

As at 31 May 2017, the Group had operating lease commitments in respect of the lease of its offices in Singapore, Malaysia and India. The Group's operating lease commitments as at 31 May 2017 was S$ 2,377,103 (31 May 2016: S$ 823,995).

As at 31 May 2017, the Group did not have any capital commitments (31 May 2016: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 May 2017 (31 May 2016: Nil).

CHARGE ON GROUP'S ASSETS

As at 31 May 2017, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (31 May 2016: Nil).

CAPITAL EXPENDITURE

	Property, plant and equipment (S$ 000)	Intangible assets (S$ 000)	Total (S$ 000)
At 31 May 2017	310	1,402	1,712
At 31 May 2016	131	1,581	1,712

FOREIGN EXCHANGE RISK

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

The Group's main foreign exchange exposure is mainly its cash held in Hong Kong dollars ("HK$"). The management was of the view that the Group did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

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

RISK FACTORS FACED BY THE COMPANY AND RISK MITIGATION MEASURES

RISKS RELATING TO OUR BUSINESS

Revenue generated from the Singapore market accounted for more than 90% of our total revenue.
For FY2017, revenue derived from our sales in Singapore accounted for approximately 95.3% (2016: 97.3%) of our total revenue. 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.

We are attempting to expand our business in Malaysia through our Malaysia subsidiary. We also plan to expand internationally into Hong Kong, the People's Republic of China (the "PRC"), and the Middle East through the acquisition of foreign companies as stated in our Prospectus.

Management Discussion and Analysis

We derived a substantial portion of our revenue from a single channel partner.
We derived a substantial portion of our revenue from a major channel partner, which accounted for 24.6% of our revenue for FY2017 (FY2016: 47.6%). 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.

The Group actively expands its customer base and its channel partner by acquiring and working with more channel partners locally and overseas. The Group also actively expands its market vertical to lessen the seasonal impact of a single industry.

We are dependent upon our experienced technical staff and senior management team.
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. Failure to attract or retain suitable employees could adversely affect our business, financial conditions and results of operations.

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

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. However, these international corporate vendors may decide to expand their businesses in the Asian market and adopt localisation strategies and join the competition to become our strong and direct competitors.

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

Our business is subject to seasonal fluctuations.
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. Failure to manage seasonality in our business may cause our revenue and financial condition to be materially and adversely affected.

We mitigate the seasonal fluctuation in our revenue by controlling our operating capital carefully so as to provide our business with adequate cash for operations.

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. 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.

We have a team monitoring and anticipating regulatory changes so that we can take action with sufficient time before new regulations set in.

USE OF PROCEEDS

	Adjusted Amount From the Latest Practicable Date to 31 May 2017 S$	Actual Use to 31 May 2017 S$
To acquire and set up data centre infrastructure	72,202	-
To enhance and expand our product offerings	711,701	711,701
To strengthen our sales and marketing efforts, and reinforce our brand and product images	947,996	539,355
Working capital	223,168	223,168
Total	**1,955,067**	**1,474,224**

Gross proceeds from the Listing was Hong Kong Dollars 74 million or S$13,756,600. After deducting listing expenses of S$ 4,379,781, the net listing proceeds was S$ 9,376,819.

The following is the breakdown of of the intended use of the net listing proceeds from the Latest Practicable Date to 31 May 2019

- Setting up data centre infrastructure : 0.8%
- Enhancing and expanding product offerings: 16.9%
- Strengthening sales, marketing and brand as well as product images: 22.9%
- Acquisition of foreign companies: 23.8%
- Setting up a manufacturing, assembly and testing plant:29.7%
- General working capital: 5.9%

20.85% or S$ 1,955,067 of the net listing proceeds was to be allocated in the period from 21 November 2016 (the "Latest Practicable Date") to 31 May 2017.

As at the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions in Singapore and Hong Kong.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. At present, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

COMPARISON OF BUSINESSS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus from 21 November 2016, being the latest practicable date (the "Latest Practicable Date") to 31 May 2017 with the Group's actual business progress is as follows:

Business Strategy	Business Objectives from the Latest Practicable Date to 31 May 2017	Actual business progress during FY2017
To acquire and set up data centre infrastructure	Approximately 0.77% (equivalent to approximately S$ 0.07 million) of Listing proceeds will be used to acquire additional server infrastructure comprising of approximately six to eight servers in Singapore.	The Group has yet to acquire server infrastructure as the setup of the production environment of myBill.sg has been moved to the financial year ended 2018 ("FY2018").
To enhance and expand our product offerings	Approximately 7.59% (equivalent to approximately S$ 0.71 million) of Listing proceeds will be used to: - Continue the development of the advanced Starlight IoT platform, the Tesseract and the utilities billing platform, myBill.sg - Launch the Tesseract on a trial basis and commence early marketing activities - Formally launch SpaceMonster with full marketing campaign.	S$ 0.73 million was incurred for Tesseract product development and S$ 0.72 million for myBill.sg product development. Some of the cost incurred was funded by our internal resources. The Tesseract was formally launched on 14 July 2017. The formal launch of SpaceMonster has been postponed to FY2018 to allow the marketing team to focus on the Tesseract launch which was given higher priority.
To strengthen our sales and marketing efforts, and reinforce our brand and product images	Approximately 10.11% (equivalent to approximately S$ 0.95 million) of Listing proceeds will be used to: - Recruit a dedicated business development, sales and channel management team of four to develop sales opportunities and to expand network of channel partners in South East Asia, the Middle East, Hong Kong and the PRC. - Engage professional parties for corporate and product branding campaigns and to participate in exhibitions and conferences.	Four dedicated staff, including our Chief Commercial Officer, Head of Sales (Singapore), Head of Sales (Malaysia) and a sales manager have been recruited. The cost incurred in their employment was S$ 0.45 million in FY2017. Product branding campaign and exhibition participation costs incurred in FY 2017 was S$ 0.09 million.
Amount for working capital	Approximately 2.38% (equivalent to approximately S$ 0.22 million) of Listing proceeds will be used as working capital.	The Group utilised approximately S$ 2.30 million of working capital in FY2017 where majority are funds generated by internal resources.

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

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

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

MAY 2017

HEADCOUNT

108

87	6	15
Singapore	Malaysia	India

REMUNERATION

S$ 6,888,450

MAY 2016

HEADCOUNT

85

71	3	11
Singapore	Malaysia	India

REMUNERATION

S$ 5,072,096

The Group views its employees as one of its valuable assets.

Stable and motivated employees is critical to the success of the Group's business.

The Group offers competitive remuneration package and benefits that commensurates with the industry practice.

BOARD OF DIRECTORS

Lee Suan Hiang
Non-Executive Director & Chairman

Lau E Choon Alex
Executive Director & CEO

Ong Swee Heng
Executive Director & COO

Elango Subramanian
Independent Non-Executive Director

BOARD OF DIRECTORS

Alwi Bin Abdul Hafiz
Independent
Non-Executive Director

Li Man Wai
Independent
Non-Executive Director

Prof. Wong Poh Kam
Non-Executive Director

Robert Chew
Non-Executive Director

BOARD OF DIRECTORS

Lee Suan Hiang, 67

Chairman
Non-Executive Director

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

Date of first appointment as a director:
18 December 2013
Date of appointment as Chairman:
2 June 2014

Board committees served on
Nomination Committee (Chairman)

Present directorship in other listed companies
- Perennial Real Estate Holdings Limited [Stock code: 40S] (Independent Director)
- Viking Offshore & Marine Limited [Stock code: 557] (Independent Director)
- CITIC Envirotech Ltd [Stock code: U19] (Independent Director)
- Memstar Technology Ltd [Stock Code: 5MS] (Independent Director)
- Advance SCT Limited [Stock code: 5FH] (Independent Director)

Background and working experience
- President of Singapore Economic Development Board Society
- Member of the Board of Governors of the Chartered Management Institute
- Deputy Managing Director of the Singapore Economic Development Board (From April 1993 to January 1995)
- Chief Executive of the Productivity and Standards Board (From February 1995 to March 2002)
- Chief Executive SPRING Singapore (From April 2002 to October 2003)
- Chief Executive of the National Arts Council (From October 2003 to July 2009)
- Council member of ISO (From 2002 to 2003)
- Deputy Chairman of the International Federation of Arts Councils and Cultural Agencies (From 2003 to 2009)
- Chief Executive of the Real Estate Developers' Association of Singapore (REDAS) (From December 2011 to April 2016)

Lau E Choon Alex, 44

Group Chief Executive Officer &
Executive Director

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

Date of first appointment as a director:
21 February 2006

Background and working experience
- Co-Founder and Director of Buildfolio Technologies Pte. Ltd. (From April 2000 to March 2006).

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

BOARD OF DIRECTORS

Ong Swee Heng, 44

Chief Operating Officer & Executive Director

Bachelor Degree in Electrical Engineering, National University of Singapore, Singapore
Master Degree in Management of Technology, National University of Singapore, Singapore

Date of first appointment as a director:
21 February 2006

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

Prof. Wong Poh Kam, 65

Non-Executive Director

Bachelor Degree in Physics and Electrical Engineering, Massachusetts Institute of Technology, USA
Master degree in Electrical Engineering and Computer Science, Massachusetts Institute of Technology, USA
Doctoral degree in Urban and Regional Planning, Massachusetts Institute of Technology, USA

Date of first appointment as a director:
17 October 2007

Board committees served on
Remuneration Committee

Present principal commitments (other than directorship in other listed company)
- School of Business of National University Singapore (Professor)
- BAF Spectrum Pte. Ltd. (Chairman)

Background and working experience
- Lecturer at Universiti Sains Malaysia (From April 1979 to June 1984)
- Managing Director of SERES Sdn Bhd (From July 1985 to August 1988)
- Senior Lecturer at School of Business of National University Singapore (From September 1988 to June 1996)
- Associate Professor at School of Business of National University Singapore (From July 1996 to December 2007)
- Professor at School of Business of National University Singapore (Since January 2008)

Awards:
- Public Administration Medal (Silver) Award from the Singapore Government

BOARD OF DIRECTORS

Robert Chew, 60

Non-Executive Director

Bachelor Degree in Accountancy, National University of Singapore, Singapore
Master Degree in Computer Science, University of Auckland, New Zealand

Date of first appointment as a director:
31 July 2014

Board committees served on
Audit Committee

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

- iGlobe Partners (II) Pte. Ltd.
- iGlobe Platinum Fund II Pte. Ltd.
- iGlobe Advisors Pte. Ltd.
- Treebox Solutions Pte. Ltd.
- Assurity Trusted Solutions Pte. Ltd.

Background and working experience

- Various positions at Accenture Pte. Ltd. (From September 1993 to October 2007)

Li Man Wai, 59

Independent Non-Executive Director

Diploma in Business Administration, majoring in Accounting, Lingnan University, Hong Kong
Member, Hong Kong Institute of Certified Public Accountants
Member, Association of Chartered Certified Accountants, United Kingdom
Member, Certified Management Accountants of Ontario, Canada
Certified Practising Accountant, Hong Kong

Date of first appointment as a director:
24 November 2016

Board committees served on
Audit Committee (Chairman)

Present directorship in other listed companies

- Next-Generation Satellite Communications Limited [Stock code: B07] (Independent Non-Executive Director)

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

- Raymond Li & Co., Certified Public Accountants (Founder)
- Lingnan University Alumni Association (Hong Kong) (Chairman)
- Chinese Christian Universities Alumni Association (Hong Kong) (Chairman)

Background and working experience

- Founded and the sole proprietor of Raymond Li & Co., Certified Public Accountants (Since 1996)

BOARD OF DIRECTORS

Elango Subramanian, 54

Independent Non-Executive Director

Fellow, Association of Chartered Certified Accountants
Fellow, Insolvency Practitioners Association of Singapore Limited
Member, Institute of Singapore Chartered Accountants
Accredited Tax Advisor, Singapore Institute of Accredited Tax Professionals Limited

Date of first appointment as a director:
24 November 2016

Board committees served on
Remuneration Committee (Chairman)
Audit Committee
Nomination Committee

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

- Raffles Corporate Advisory Services Pte. Ltd. (Director)
- Raffles PAC (Director)

Background and working experience

- 22 years of experience in accounting, forensic accounting, corporate advisory, tax advisory, litigation support, corporate restructuring and consulting

Alwi Bin Abdul Hafiz, 53

Independent Non-Executive Director

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

Date of first appointment as a director:
24 November 2016

Board committees served on
Nomination Committee
Remuneration Committee

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

- Golden Veroleum Liberia Group (Sustainability Advisor)
- Land Transport Authority of Singapore (Board Member)
- Mendaki Social Enterprise Network Pte. Ltd. (Board Member)

Background and working experience

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

SENIOR MANAGEMENT

Sylvia Sundari Poerwaka
Financial Controller
Anacle Systems Limited

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

Ms. Poerwaka has more than seven years of experience in accounting and auditing. She accumulated her experience when she held various roles in Kong, Lim & Partners LLP, a chartered accounting firm in Singapore, since November 2008. She worked as the supervisor of the accounts and tax department at the same firm from December 2010 to February 2012.

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 and is also a member of the Institute of Singapore Chartered Accountants.

Ho Hai Aik
Head of Business Consulting
Anacle Systems Limited

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

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

Li Shan
Senior Principal Software Architect
Anacle Systems Limited

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

Jindhar Chougule
Vice President of Product Management
Anacle Systems Limited

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.

SENIOR MANAGEMENT

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.

Mr. Chougule obtained a diploma in Electronics and Communication Engineering from the Board of Technical Examinations of the Government of Maharashtra.

Noor Sharazain Bin Ahmad Noordin
Chief Executive Officer
Anacle Malaysia Sdn Bhd

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 in May 2014. Mr. Sharazain left Mesiniaga Berhad in May 2016 and joined Anacle.

Mr. Sharazain graduated from the University of Canberra in Australia with a bachelor's degree in IT. He also obtained a master's degree in Business Administration (Finance) from the University of Derby in the United Kingdom.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for FY2017.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules").

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

CORPORATE GOVERNANCE PRACTICES

As the Company's ordinary shares (the "Shares") were initially listed on the GEM of the Stock Exchange on 16 December 2016 (the "Listing Date"), the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") was not applicable to the Company for the period from 1 April 2016 to 15 December 2016, being the date immediately before the Listing Date. The Company has adopted and, save as disclosed in this report, has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 31 May 2017 (the "Period").

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Responsibilities

The board of Directors (the "Board") is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's constitution (the "Constitution"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference which are published on the respective websites of the Stock Exchange and the Company. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

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

Composition of the Board

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

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

CORPORATE GOVERNANCE REPORT

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

The biographical details of each of the Directors are set out in the section headed "Board of Directors" of this annual report.

From the Listing Date up to the date of this annual report, there was no change in the composition of the Board.

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

From the date of Listing to FY2017, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, accounting for at least one third of the Board, with at least one independent non-executive Director possessing the appropriate professional qualifications, accounting or related financial management expertise.

Directors' Training and Continuing Professional Development

During the Period, all Directors have participated in the training regarding director responsibilities and duties arranged by the Company's legal advisers in relation to the GEM Listing Rules, statutes and common la, legal and other regulatory requirements and the Company's business and governance policies. Such programmes were related to corporate governance, listed companies and directors' continuing obligations. Continuing briefings and professional development to Directors will be arranged whenever necessary.

Directors' Attendance at Board Meeting

The Board held meetings on 9 January 2017, 10 April 2017 and 25 August 2017 and, amongst other matters, discussed and approved (i) the Group's unaudited consolidated financial results for the six months ended 30 November 2016 and the nine months ended 28 February 2017; (ii) the engagement of independent auditor for FY2017 and the audited consolidated financial statements of the Group for FY2017; (iii) the assessment of the effectiveness of the risk management and internal control systems of the Group; and (iv) the evaluation and drafting of the Environmental, Social and Governance Report for FY2017

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

Directors	Number of board meetings attended/held
Executive Directors	
Mr. Lau E Choon Alex	3/3
Mr. Ong Swee Heng	3/3
Non-Executive Directors	
Mr. Lee Suan Hiang (*Chairman*)	3/3
Prof. Wong Poh Kam	3/3
Mr. Robert Chew	3/3
Independent Non-Executive Directors	
Mr. Alwi Bin Abdul Hafiz	3/3
Mr. Elango Subramanian	3/3
Mr. Li Man Wai	3/3

During the Period, the company did not hold any general meeting.

Independent Non-Executive Directors

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

CORPORATE GOVERNANCE REPORT

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

The non-executive Directors, Mr. Lee Suan Hiang, Mr. Robert Chew and Prof. Wong Poh Kam have signed a letter of appointment with the Company for an initial term of three years, commencing from 24 November 2016 subject to termination in certain circumstances as stipulated in the letter of appointment.

APPOINTMENT AND RE-ELECTION OF THE DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company 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).

Each of the non-executive Director and the independent non-executive Director has entered into a letter of appointment with the Company for an initial term of three years commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the relevant letter of appointment).

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

All the Directors, including independent non-executive Directors, are subject to retirement by rotation and eligible for re-election in accordance with the Constitution. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. The Directors to retire by rotation shall include (so far as necessary to obtain the number of Directors required to retire by rotation) any Director who wishes to retire and not to offer himself for re-election but shall not include any Director who is due to retire at the AGM by reason of age. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment or have been in office for the three years since their last election. As between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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

DIRECTORS' LIABILITY INSURANCE

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

BOARD COMMITTEES

The Board established three committees, namely the audit, remuneration and nomination committees, to oversee particular aspects of the Group's affairs. Each of the three committees has its specific terms of reference relating to authority and duties.

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

CORPORATE GOVERNANCE REPORT

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

Remuneration Committee

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

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

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and establishing a formal and transparent procedure for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's goals and objectives;
- making recommendations to the Board on the remuneration packages of for all Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- ensuring that no Director or any of his/her associates (as such term is defined in the Rules Governing the Listing of Securities on the GEM of the HKEx (the "Listing Rules") is involved in deciding his own remuneration; and

The Remuneration Committee consists of Mr. Elango Subramanian, Mr. Alwi Bin Abdul Hafiz and Prof. Wong Poh Kam. Mr. Elango Subramanian is the chairman of the remuneration committee.

The Remuneration Committee shall meet at least once a year. The attendance of each committee member from the Listing Date to the date of this annual report is as follows:

Remuneration Committee members	Number of meeting attended/held
Mr. Elango Subramanian (*Chairman*)	1/1
Mr. Alwi Bin Abdul Hafiz	1/1
Prof. Wong Poh Kam	1/1

Audit Committee

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

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

The Audit Committee consists of two independent non-executive Directors, Mr. Li Man Wai and Mr. Elango Subramanian, and one non-executive Director, Mr. Robert Chew. The chairman of the Audit Committee is Mr. Li Man Wai, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Audit Committee shall meet at least twice a year. The attendance of each committee member from the Listing Date to the date of this annual report is as follows:

Audit Committee members	Number of meetings attended/held
Mr. Li Man Wai (*Chairman*)	3/3
Mr. Elango Subramanian	3/3
Mr. Robert Chew	3/3

CORPORATE GOVERNANCE REPORT

Nomination Committee

The nomination committee (the "Nomination Committee") was established on 24 November 2016 with written terms of reference in compliance with A.5.2 of the CG Code.

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

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

The Nomination Committee consists of Mr. Lee Suan Hiang, Mr. Elango Subramanian and Mr. Alwi Bin Abdul Hafiz. Mr. Lee Suan Hiang is the chairman of the remuneration committee.

The Nomination Committee shall meet at least once a year. The attendance of each committee member from the Listing Date to the date of this annual report is as follows:

Nomination Committee members	Number of meetings attended/held
Mr. Lee Suan Hiang (*Chairman*)	2/2
Mr. Elango Subramanian	2/2
Mr. Alwi Bin Abdul Hafiz	2/2

Corporate Governance Functions

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

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

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy and and discussed all measurable objectives set for implementing the same .

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

CORPORATE GOVERNANCE REPORT

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

The Group has engaged an independent professional party, Ernst & Young (the "IA"), to perform the internal audit functions and evaluate the risk management and internal control systems of the Group. The IA reports directly to the Audit Committee and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the Audit Committee periodically. The IA completed a review for FY2017 in accordance with the internal audit plan developed and approved by the Audit Committee. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal, external auditors and reviews performed by management, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on internal control of the CG Code during FY2017.

DISCLOSURE OF INSIDE INFORMATION

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

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the consolidated financial statements of the Company for FY2017.

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

As at 31 May 2017, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company for FY2017 on a going concern basis.

The responsibilities of BDO Limited, the independent auditor of the Company, regarding their financial reporting on the Company's consolidated financial statements for FY2017 are set out in the independent auditor's report contained in this annual report.

CORPORATE GOVERNANCE REPORT

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for FY2017 are set out in note 13 to the consolidated financial statements of this annual report.

The remuneration of the members of the senior management (other than the Directors) for FY2017 by band is as follows:

Remuneration Band in HK$	Number of individuals
HK$ 500,000 – HK$ 1,000,000	2
HK$ 1,000,001 – HK$ 1,500,000	3

INDEPENDENT AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's independent auditor, BDO Limited, in respect of their audit services and non-auditing services for FY2017 is set out below:

Services Rendered	Fee paid/ payable (S$ 000)
Statutory audit services	90
Audit service for acting as reporting accountant for the Listing	376
Non-audit service rendered in relation to the interim report	28

JOINT COMPANY SECRETARIES

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

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

Ms. Poerwaka does not possess the specified qualifications for a company secretary as required by Rule 5.14 of the GEM Listing Rules. During FY2017, she has received no less than 15 hours of professional training in compliance with Rule 5.15 of the GEM Listing Rules.

Given the important role of the company secretary in the corporate governance function of the Company, particularly in assisting the Company and the Directors in complying with the GEM Listing Rules and other relevant laws and regulations, the Company has also appointed Mr. Kwok Siu Man ("Mr. Kwok"), who meets the requirement under Rule 5.14 of the GEM Listing Rules, as the other Joint Company Secretary, with effect from 24 November 2016, to work closely with and provide assistance to Ms. Poerwaka in discharge of the latter's duties and responsibilities as a Joint Company Secretary. Mr. Kwok was nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") to act as a Joint Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Ms. Poerwaka.

Mr. Kwok is a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Hong Kong Institute of Chartered Secretaries, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors. As Mr. Kwok was first appointed the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at substantial amount of time, he was not required to have at least 15 hours of relevant continuous professional development training for each of the five consecutive years from 2012 (including the first seven months of FY2017). However, despite the above exemption, Mr. Kwok had delivered and attended over 15 hours' relevant seminars during FY2017.

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

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

Procedures for Shareholders to Convene an EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the registered office and principal place of business of the Company in Singapore at 1 Fusionopolis View, Sandcrawler #08-02, Singapore 138577 for the attention of the Joint Company Secretaries.

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

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

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

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

Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings or their notification of change of correspondence address or their dividend/distribution instructions to the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F., 148 Electric Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by addressing them to the registered office and principal place of business of the Company in Singapore at 1 Fusionopolis View, Sandcrawler #08-02, Singapore 138577, by post or by email to info@anacle.com, for the attention of the Joint Company Secretaries.

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER COMMUNICATION POLICY

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

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

CONSTITUTIONAL DOCUMENTS

Except for the adoption of new Constitution by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 24 November 2016 in anticipation of the Listing, there were no changes in the constitutional documents of the Company during FY2017.

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

INVESTOR RELATIONS

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

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

We welcome investors to visit the Company's website at www.anacle.com to obtain up-to-date information regarding the Company.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for FY2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services. Details of the principal activities of the Company and the principal activities subsidiaries are set out in notes 1 and 18 to the consolidated financial statements in this annual report. There were no significant changes to the Group's principal activities during FY2017.

BUSINESS REVIEW

A review of the Group's performance, business activities and development is set out in the "Chairman's Statement" section on page 7 and the "Management Discussion and Analysis" section on pages 9 to 23 of this annual report.

RESULTS AND DIVIDENDS

The Group's financial performance for FY2017 is set out in the consolidated statement of comprehensive income on page 60 of this annual report and the consolidated statement of financial position of the Group as at 31 May 2017 is set out in the consolidated statement of financial position on page 61 of this annual report.

The Directors did not recommend the payment of a final dividend for FY2017.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 29 September 2017 (the "AGM"). For determining the entitlement of the shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 25 September 2017 to Friday, 29 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for attending and voting at the AGM, shareholders of the Company must lodge all share transfer documents accompanied by the relevant share certificates with the share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 September 2017.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 May 2017, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

KEY RISKS AND UNCERTAINTIES

Details of risk factors faced by the Company and the risk mitigation strategies are set out in the "Management Discussion and Analysis" section on pages 18 to 19 of this annual report.

PLANT AND EQUIPMENT

Details of movements in the Group's plant and equipment during FY2017 are set out in note 16 to the consolidated financial statements in this annual report.

BANK BORROWINGS

As at 31 May 2017, the Group did not have any bank borrowings.

SHARE CAPITAL

Details of movements in the Company's share capital during FY2017 are set out in note 30 to the consolidated financial statements in this annual report.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Since the Listing Date to the date of this annual report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

RESERVES

Details of movements in reserves of the Group and the Company are set out on page 62 of the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 May 2017, the Company had no distributable reserves.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2017, sales to the Group's five largest customers accounted for approximately 65.3% of total sales and sales to the largest customer amounted to approximately 24.6% of total sales.

The Group's five largest suppliers accounted for approximately 49.9% of total purchases during FY2017 and purchases from the largest supplier amounted to approximately 15.7% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during FY2017.

DIRECTORS

The Directors who held office during FY2017 and up to the date of this annual report were as follows:

Executive Directors
Mr. Lau E Choon Alex
Mr. Ong Swee Heng

Non-Executive Directors
Mr. Lee Suan Hiang (Chairman)
Prof. Wong Poh Kam
Mr. Robert Chew

Independent non-executive Directors
Mr. Alwi Bin Abdul Hafiz
Mr. Elango Subramanian
Mr. Li Man Wai

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

In accordance with regulations 98, 99 and 102 of the Company's constitution, Mr. Lau E Choon Alex, Mr. Ong Swee Heng, Mr. Lee Suan Hiang, Prof. Wong Poh Kam and Mr. Robert Chew would retire by rotation and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 30 to 31 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Lau E Choon Alex and Mr. Ong Swee Heng have signed service contracts with the Company for an initial term of 3 years commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the service agreement).

The non-executive Directors, Mr. Lee Suan Hiang, Mr. Robert Chew and Prof. Wong Poh Kam have signed letters of appointment with the Company for an initial term of three years, commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the letter of appointment).

DIRECTORS' REPORT

The independent non-executive Directors, Mr. Li Man Wai, Mr. Elango Subramanian and Mr. Alwi Bin Abdul Hafiz have signed letters of appointment with the Company for an initial term of three years, commencing from 24 November 2016 (subject to termination in certain circumstances as stipulated in the letter of appointment).

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

CONFIRMATION OF INDEPENDENCE

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

COMPETING INTERESTS

During FY2017, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/ or caused any conflicts of interest with the Group.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors, the controlling shareholders, nor their respective associates had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during FY2017.

EMOLUMENT POLICY

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

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in notes 12 and 13 of the consolidated financial statements in this annual report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during FY2017.

PERMITTED INDEMNITY PROVISION

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

DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

On 28 November 2016, Mr. Lau E Choon Alex, Mr. Ong Swee Heng, Ms. Lim Siang Ngin, Mr. Ho Hai Aik, Ms. Ng Ying Ling, Mr. Chew Chung Hon, Mr. James Tay Chin Kwang, Mr. Arnold Tan Kim Hong, Mr. Ng Sah Keong, Mr. Seow Ho Yien, and BAF Spectrum Pte. Ltd. (the "Controlling Shareholders") entered into a deed of non-competition ("Deed of Non-Competition") in favour of the Company, pursuant to which each of the Controlling Shareholders has irrevocably undertaken to the Company (for itself and on behalf of each other member of the Group) that from the Listing Date, he/ she/ it would not, and would procure that his/ her/ its associates (except any members of the Group) would not directly or indirectly, either on his/ her/ its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes, or is likely to compete, either directly or indirectly, with our business or the business of any members of the Group from time to time. Please refer to the section "Relationship with our Controlling Shareholders – Deed of Non-Competition" in the Prospectus.

Each Controlling Shareholder has confirmed to the Company of his/ her/ its compliance from the Listing Date up to 31 May 2017. The independent Board has reviewed and confirmed that all of the aforesaid undertakings have been complied with.

DIRECTORS' REPORT

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

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

As at the date of this annual 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 senior management of the Group 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 31 May 2017 and as at the date of this annual report.

Save as disclose above, at no time during FY 2017 was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

DIRECTORS' REPORT

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

As at 31 May 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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) to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") 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 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 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 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 31 May 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.*

Save as disclosed above, as at 31 May 2017, none of the Directors and the chief executives of the Company had any interests or short position 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 31 May 2017.

DIRECTORS' REPORT

Name of Directors	Exercise price per Share	Number of underlying Shares comprised in the Pre-IPO Share Options Schemes	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%

Note:

1. *Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in 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 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 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.*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 May 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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 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)	Beneficial interest	20,259,000	-	5.08%
M1 Limited (10)	Beneficial interest	20,259,000	-	5.08%

DIRECTORS' REPORT

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.*
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 Kochiro.*
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 Jinhuo, 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 31 May 2017 (i.e. 399,158,496 Shares).*

Save as disclosed above, as at 31 May 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 provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' REPORT

RELATIONSHIPS WITH STAKEHOLDERS

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

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

We understands that it is important to maintain good relationship with our business partners, suppliers and customers to achieve its long-term goals. Accordingly, the senior management have kept good communication, promptly exchanged ideas and shares business update with them when appropriate. During FY2017, there was no material and significant dispute between the Group and its business partners, suppliers and customers.

PUBLIC FLOAT

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

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during FY2017 are disclosed in note 35 to the consolidated financial statements. The related party transactions did not fall within the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the CG Code as contained in Appendix 15 to the GEM Listing Rules from the Listing Date to 31 May 2017. A report on the principal corporate governance practices adopted by the Company is set out on page 32 to page 41 of this annual report.

ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. We encourage environmental protection and promote awareness towards environmental protection to the employees. We adhere to the principle of recycling and reducing. We implement green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During FY2017, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, KGI Capital Asia Limited, as at 31 May 2017, save for the compliance adviser agreement dated 15 August 2016 entered into between the Company and KGI Capita Asial Limited, neither KGI Capital Asia Limited, nor any of its directors, employees and associates had any interest in relation to 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.

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

Other than the section headed "Share Option Schemes" as disclosed above, no equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during FY2017 or subsisted at the end of FY2017.

TAX RELIEF

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

CHARITABLE DONATIONS

The Group did not make any charitable donations during FY2017.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out in the "Financial Summary" section on page 114 of this annual report.

AUDIT COMMITTEE

The Audit Committee comprises one non-executive Director, namely Mr. Robert Chew and two independent non-executive Directors, namely Mr. Li Man Wai and Mr. Elango Subramanian. Mr. Li Man Wai is the chairman of the Audit Committee.

The Group's audited consolidated financial statements for FY2017 and this annual report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

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

INDEPENDENT AUDITOR

BDO Limited was the reporting accountant of the Group for the purpose of the listing of the Company's Shares on the GEM. The consolidated financial statements of the Group for FY2017 have been audited by BDO Limited whose term of office will expire upon the AGM. A resolution to re-appoint BDO Limited as independent auditor of the Company will be proposed at the AGM.

By order of the Board
Lau E Choon Alex
Executive Director and Chief Executive Officer
Singapore, 25 August 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

The Board of Directors of the Group is pleased to present the Environmental, Social and Governance Report (the "Report") for FY2017. The Report is prepared based on Appendix 20 of the GEM Listing Rules "Environmental, Social and Governance Reporting Guide". The Report summarises principal businesses of the Group in Singapore, Malaysia and India.

POLICIES STATEMENT

The Group aims to foster sustainable development and undertake corporate responsibility. Therefore, while the Group actively develops and seeks business opportunities, it also takes into consideration factors including environment, society and ethics so as to ensure the Group can achieve a balance between business development, social demand and environmental impacts. The Group also values major concerns of our stakeholders (including but not limited to customers, investors, shareholders, suppliers, employees and other organisations), aiming to maximise profits for shareholders while protecting interests of our stakeholders. The Group will maintain close communications with stakeholders on topics regarding environment and society as well as solutions to identify potential issues on sustainable development and to satisfy expectations and demands from various stakeholders.

In addition to enhancing our values of sustainable development, policies and core competency, the Group endeavors to provide quality services and maintain close contacts with customers, which enables the Group to gain a better understanding of their needs and preferences enabling us to offer customised value-added services. In the course of preparing the Report, the Group conducted thorough review and assessment towards our existing environmental and social policies the aim of achieving better performance in aspects of environment, social, corporate governance and operation in the future.

A. ENVIRONMENTAL

Emissions, use of resources and the environment and natural resources

In consideration of our industry characters, the Group has made plans, formulated standards, implemented, operated, reviewed and assessed matters relating to environmental management in order to perform responsibilities on environmental protection. In daily activities, our Group strictly controlled the use of water and electricity in office, actively took measures to encourage our staff to follow the environmental protection philosophy to save water and electricity and conduct waste separation. The Group promoted electronic informatization management to build "paperless" office.

With the implementation of the measures above, we believe the objectives of saving energy, reducing waste and preserving the environment can be achieved.

B. SOCIAL

Employment and Labour Practices

Our employees are important assets to the Group, as well as the driving force behind the Group's continued business expansion. We therefore strive to create a harmonious employment relationship in order to encourage more people to join the Group. We uphold the principle of fairness in recruitment, and our hiring criteria are built on the applicants' qualifications, abilities, experience, and skills. Every applicant has the same right to apply, and their treatment is not affected by gender, pregnancy, family status, marital status, race, disability, etc. The Group's existing employee teams come from different countries, including Malaysia, China, Vietnam, India, Myanmar, Indonesia, France, Latvia, Cambodia, Phillipinnes, and a harmonious working environment has been created.

The Group is constantly improving its employment mechanism. It adheres to the principle of fairness, and provides promotion opportunities for outstanding employees. We assess employees' performance and their contribution to the Group when reviewing their compensation and benefits, in order to reflect employees' contributions to the Group and enhance the employees' sense of belonging and sense of responsibility for the Group.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

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

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

The Group's labour standards primarily focus on conformity with local labour laws and regulations. In our hiring process, we screen candidates in strict accordance with the minimum age limits of their respective work locations and we are committed to hiring as our employees only those over the minimum legal age in order to protect children's rights to safety and healthy development. Our internal standard on working hours is set at 8 hours per day or 44 hours per week.

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

The Group did not employ any child or forced labour during the reporting period.

Health and Safety

The business operations of the Group do not involve high-risk activities, however, the Group places great importance to occupational safety, hugiene and health of the employees.

The Company has successfully obtained an OHSAS 18001: 2007 certification. It has developed clear occupational health and safety policies, as well as a series of target indicators and procedural documents designed to continuously identify potential risks at the plants, to try to reduce the incidence of accidents, to observe local occupational health and safety regulations, and to ensure continuous improvement in our occupational safety and health performance.

The Group also provides regular briefings for all employees, on occupational safety and health policies, risk management, and workplace safety. In order to strengthen the employees' response when faced with an emergency situation such as a fire or injury, we have drawn up contingency plans and regularly gather the employees to carry out drills.

Development and Training

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

Supply Chain Management

The Group currently has developed a specific program for the evaluation and management of suppliers, and the selection criteria for suppliers or subcontractors are mainly based on such factors as price, delivery times, and quality of goods. We receive feedbacks from customers by sending them customer satisfaction form through email or fax of our services. Additionally, we rate our suppliers by using supplier evaluation form recorded in ISO 9001:2015 Quality Management System. The rating marks with 70% and above, we considered them as in the list of our approved supplier. Suppliers are only deemed qualified after the management's review and approval. We had a total of 149 active suppliers during the reporting period. Every year, we monitor and review the performance of every qualified supplier to ensure that the performance of all qualified suppliers remains in line with the requirements of the Group.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

Product Responsibility

All of the Group's products are inspected and tested prior to delivery to ensure that their operation and functions fully comply with the relevant product specifications and safety requirements. In terms of controlling raw materials, all materials used in our products are provided by qualified suppliers. The Group assigns dedicated employees to manage the supply chain and manufacturing process including conducting quality testing to ensure that our final products meet customers' requirements and comply with regulations and internal standard.

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

Anti Corruption

In order to ensure high efficiency and integrity of the Group's operations, all the Group's employees are required to strictly abide by the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) in their behaviour and are absolutely forbidden from committing any acts of bribery or accepting of bribes, etc. We have also developed a policy on reporting conflicts of interest, and employees must report to the management if there is any direct or indirect conflict of interest between an employee and the business of the Group.

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

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

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

No case of violation of anti-corruption laws and regulations by the Group occurred during FY2017.

Community Investment

The Group is happy to provide support to needy and underprivileged people within society, and is constantly looking for opportunities to work with community groups to contribute to the balanced development of society.

We are committed to continue working closely with community groups in the coming year to explore the feasibility of cooperation, actively participate in different community care activities, and put in our best efforts to give back to society.

If any community group has any community support project or charity activity that requires assistance or has any comments on our community investment activities, they are welcome to submit them to us through our website.

During FY2017, the Group has not yet made any charitable donations.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED
(FORMERLY KNOWN AS ANACLE SYSTEMS PTE.LTD.)
(incorporated in Singapore with limited liability)

Opinion

We have audited the consolidated financial statements of Anacle Systems Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 60 to 113, which comprise the consolidated statement of financial position as at 31 May 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, of the consolidated financial position of the Group as at 31 May 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Project Revenue Recognition

Revenue from projects recognised for the year ended 31 May 2017 amounted to S$11,125,353 which represented 83% of total revenue.

Revenue from project is recognised over the period of contract by reference to the stage of completion of the contract activity. The determination of stage of completion involved significant management judgements and estimates including total contract costs, remaining costs to completion and contract risks. Revenue, costs and gross profit realised on such contracts can vary from management's original estimates because of changes in conditions.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED
(FORMERLY KNOWN AS ANACLE SYSTEMS PTE.LTD.)
(incorporated in Singapore with limited liability)

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

Our response:

Our procedures in relation to project revenue recognition included:

- performing testing on the Group's controls over its processes to record contract costs and contract revenue, the calculation of stage of completion and the identification of contract loss;
- selecting material contracts entered into during the year to review the contract terms such as the contract revenue and the scope of deliverables and services;
- checking to the related supporting documents showing costs incurred to date and comparing to the total budgeted costs to evaluate the stage of completion used by management for revenue recognition and management's assessment on provision for foreseeable losses;
- assessing the significant judgements made by management, through the examination of project documentation, including the total budgeted contract costs, by checking to the invoices or quotations and comparing to the work hours used by similar projects in the past, and discussion of the status of those projects in progress with management, finance, and technical personnel of the Group; and
- comparing the budgeted contract costs with the actual costs incurred to assess if there were any material differences.

Other Information in the Annual Report

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

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED
(FORMERLY KNOWN AS ANACLE SYSTEMS PTE.LTD.)
(incorporated in Singapore with limited liability)

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ANACLE SYSTEMS LIMITED
(FORMERLY KNOWN AS ANACLE SYSTEMS PTE.LTD.)
(incorporated in Singapore with limited liability)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants
Ng Wai Man
Practising Certificate no. P05309

Hong Kong, 25 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 S$	2016 S$
Revenue	7	13,333,991	11,090,280
Cost of sales		(7,246,113)	(4,383,320)
Gross profit		6,087,878	6,706,960
Other revenue	8	60,161	208,248
Other gains and losses	9	(486,400)	(60,094)
Marketing and other operating expenses		(1,419,210)	(722,285)
Administrative expenses		(3,852,953)	(2,276,705)
Research and development costs		(92,423)	(32,783)
Listing expenses		(2,447,780)	(555,977)
Finance costs	10	(887)	(46,124)
(Loss)/profit before income tax	11	(2,151,614)	3,221,240
Income tax expense	14	(172,430)	(727,542)
(Loss)/profit for the year		(2,324,044)	2,493,698
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		16,862	33,805
Total comprehensive income for the year		(2,307,182)	2,527,503
(Loss)/profit for the year attributable to:			
Owners of the Company		(2,324,044)	2,493,698
Non-controlling interests		-	-
		(2,324,044)	2,493,698
Total comprehensive income for the year attributable to:			
Owners of the Company		(2,307,182)	2,527,503
Non-controlling interests		-	-
		(2,307,182)	2,527,503
		Singapore cents	Singapore cents
(Loss)/earnings per share attributable to owners of the Company			
- Basic	15	(1.00)	2.74
- Diluted	15	(1.00)	0.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 S$	2016 S$
Non-current assets			
Property, plant and equipment	16	449,856	449,475
Intangible assets	17	4,373,304	3,613,690
		4,823,160	4,063,165
Current assets			
Trade receivables	19	3,086,013	2,230,456
Other receivables, deposits and prepayments	20	417,631	469,098
Inventories	21	692,763	379,519
Amounts due from customers	22	3,583,111	178,854
Bank balances and cash		7,134,663	2,773,551
		14,914,181	6,031,478
Current liabilities			
Trade payables	23	130,120	597,984
Other payables and accruals	24	1,233,569	821,003
Amounts due to customers	22	189,802	99,664
Amount due to a shareholder	35(c)	-	35,200
Provision for warranty	25	17,895	18,862
Bank borrowing	26	-	38,625
Deferred capital grants	27	6,754	8,280
Deferred income	28	363,762	404,449
Tax payable		-	6,345
		1,941,902	2,030,412
Net current assets		12,972,279	4,001,066
Total assets less current liabilities		17,795,439	8,064,231
Non-current liabilities			
Bank borrowing	26	-	3,392
Deferred capital grants	27	74,289	81,043
Deferred tax liabilities	29	332,556	164,812
		406,845	249,247
NET ASSETS		17,388,594	7,814,984
Capital and reserves			
Share capital	30	20,756,598	6,965,000
Reserves		(3,368,004)	849,984
Equity attributable to owners of the Company		17,388,594	7,814,984
Non-controlling interests		-	-
TOTAL EQUITY		17,388,594	7,814,984

Mr. Lau E Choon Alex
Director

Mr. Ong Swee Heng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2017

	Ordinary share capital S$	Preference share S$	Share premium S$	Share-based compensation reserve S$	Exchange fluctuation reserve S$	(Accumulated losses)/ retained profits S$	Total S$
At 31 May 2015	10,000	6,955,000	-	554,859	14,655	(2,448,881)	5,085,633
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	10,000	6,955,000	-	756,707	48,460	44,817	7,814,984
Loss for the year	-	-	-	-	-	(2,324,044)	(2,324,044)
Other comprehensive income	-	-	-	-	16,862	-	16,862
Total comprehensive income	-	-	-	-	16,862	(2,324,044)	(2,307,182)
Issue of preference shares	-	34,998	-	-	-	-	34,998
Issue of ordinary shares upon conversion of preference shares	6,989,998	(6,989,998)	-	-	-	-	-
Issue of ordinary shares under placing	13,756,600	-	-	-	-	-	13,756,600
Cancellation of warrants (note 32(a))	-	-	-	-	-	(897,000)	(897,000)
Share issue expenses	-	-	(1,376,024)	-	-	-	(1,376,024)
Recognition of share-based payment expenses	-	-	-	362,218	-	-	362,218
At 31 May 2017	20,756,598	-	(1,376,024)	1,118,925	65,322	(3,176,227)	17,388,594

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2017

	2017 S$	2016 S$
Cash flows from operating activities		
(Loss)/profit before income tax	(2,151,614)	3,221,240
Adjustments for:		
Depreciation of property, plant and equipment	306,895	271,058
Amortisation of intangible assets	642,870	301,248
Loss on disposal of property, plant and equipment	5,523	-
Interest expense	887	46,124
Share-based payment	362,218	201,848
Release of deferred capital grant	(8,280)	(33,047)
Write-down of inventories	71,526	4,383
Provision for doubtful debts	28,017	2,474
Operating cash flows before working capital changes	(741,958)	4,015,328
Increase in trade receivables	(885,642)	(770,309)
Decrease/(increase) in other receivables, deposits and prepayments	52,781	(183,799)
(Increase)/decrease in inventories	(388,548)	144,072
(Increase)/decrease in amounts due from customers	(3,404,257)	67,508
(Decrease)/increase in trade payables	(468,211)	130,217
Increase in other payables and accruals	411,630	542,958
Increase in amounts due to customers	90,138	5,413
(Decrease)/increase in amount due to a shareholder	(35,200)	35,200
Decrease in provision for warranty	(967)	(171,778)
(Decrease)/increase in deferred income	(40,517)	14,753
Effect of foreign exchange rate changes	51,148	44,295
Net cash (used in)/generated from operations	(5,359,603)	3,873,858
Income tax paid	(11,173)	(7,110)
Net cash (used in)/generated from operating activities	(5,370,776)	3,866,748
Cash flows from investing activities		
Purchase of property, plant and equipment	(310,171)	(131,184)
Payment for the cost incurred for intangible assets	(1,402,484)	(1,581,280)
Proceeds on cancellation of warrants	(897,000)	-
Proceeds on government grant for research and development	-	81,043
Net cash used in investing activities	(2,609,655)	(1,631,421)
Cash flows from financing activities		
Share issue expenses	(1,376,024)	-
Repayment of bank borrowing	(42,017)	(34,965)
Proceeds from issue of preference shares	34,998	-
Proceeds from issue of shares under placing	13,756,600	-
Proceeds of loans from shareholders	-	1,000,000
Loan repayments to shareholders	-	(1,000,000)
Interest paid	(887)	(46,124)
Net cash generated from/(used in) financing activities	12,372,670	(81,089)
Net increase in cash and cash equivalents	4,392,239	2,154,238
Cash and cash equivalents at beginning of year	2,773,551	613,097
Effect of foreign exchange rate changes	(31,127)	6,216
Cash and cash equivalents at end of year	7,134,663	2,773,551
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	7,134,663	2,773,551

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

1. GENERAL

Anacle Systems Limited (formerly known as Anacle Systems Pte. Ltd.) (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's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 principal activities of its subsidiaries are set out in Note 18 to the financial statements.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

(a) Adoption of new/revised IFRSs – effective 1 June 2016

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 27	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvement for 2012–2014 cycle
IFRS 14	Regulatory Deferral Accounts

The adoption of these amendments has no material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (Continued)

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

The following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)[2]
IFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

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.

IFRS 16 — Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill) (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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 amortised costs are initially measured at fair value, net of directly attributable costs incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

The stage of completion is established by reference to the contract costs incurred for work performed to date bear to the estimated total contract costs.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 rending 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign currency (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

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

(i) Useful lives and impairment of intangible assets

The useful lives of intangible 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 years.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

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

(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 statements. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

6. SEGMENT REPORTING

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

The Group has 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	S$	S$	S$	S$	S$	S$	S$	S$
Revenue from external customers	10,274,225	8,660,605	3,059,606	2,429,395	160	280	13,333,991	11,090,280
Gross profit/(loss)	5,586,493	6,454,513	515,724	266,628	(14,339)	(14,181)	6,087,878	6,706,960
Reportable segment profit/(loss)	4,963,480	6,156,253	(488,329)	31,827	(40,914)	(16,442)	4,434,237	6,171,638
Depreciation and amortisation	539,381	105,171	166,709	227,869	12,862	12,863	718,952	345,903
Write-down of inventories	-	-	71,526	4,383	-	-	71,526	4,383
Provision for doubtful debts	20,000	-	8,017	2,474	-	-	28,017	2,474
Loss on disposal of property, plant and equipment	-	-	5,523	-	-	-	5,523	-
Reportable segment assets	7,543,162	4,521,821	4,592,205	2,068,735	38,585	108,408	12,173,952	6,698,964
Additions to non-current assets	-	1,039,038	822,460	588,355	-	56,703	822,460	1,684,096
Reportable segment liabilities	756,702	467,741	491,281	832,094	-	591	1,247,983	1,300,426

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

6. SEGMENT REPORTING (Continued)

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

	2017 S$	2016 S$
(Loss)/profit before income tax		
Reportable segment profit	4,434,237	6,171,638
Other revenue	51,881	175,200
Other gains and losses	(381,334)	(55,711)
Finance costs	(887)	(46,124)
Unallocated expenses:		
- Staff costs	(1,674,113)	(944,194)
- Share-based payments	(362,218)	(201,848)
- Rental expenses	(703,344)	(715,789)
- Legal and professional fee	(302,473)	(53,500)
- Listing expenses	(2,447,780)	(555,977)
- Others	(765,583)	(552,455)
Consolidated (loss)/profit before income tax	(2,151,614)	3,221,240

	2017 S$	2016 S$
Assets		
Reportable segment assets	12,173,952	6,698,964
Bank balances and cash	7,134,663	2,773,551
Property, plant and equipment	92,452	267,826
Unallocated corporate assets	336,274	354,302
Consolidated total assets	19,737,341	10,094,643

	2017 S$	2016 S$
Liabilities		
Reportable segment liabilities	1,247,983	1,300,426
Bank borrowing	-	42,017
Other payables and accruals	768,208	730,859
Unallocated corporate liabilities	332,556	206,357
Consolidated total liabilities	2,348,747	2,279,659

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

6. SEGMENT REPORTING (Continued)

(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	2017 S$	2016 S$
Singapore	12,708,066	10,787,958
Malaysia	362,166	236,007
Others	263,759	66,315
	13,333,991	11,090,280

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	2017 S$	2016 S$
Singapore	4,674,884	3,987,153
Malaysia	66,716	11,074
India	81,560	64,938
	4,823,160	4,063,165

(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:

	2017 S$	2016 S$
Customer A	2,526,735	5,278,328
Customer B	2,164,303	-
	4,691,038	5,278,328

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

7. REVENUE

Revenue recognised as turnover of the Group during the year is as follows:

	2017 S$	2016 S$
Project income	11,125,353	9,107,114
Services income	2,183,748	1,971,331
Rental income	24,890	11,835
	13,333,991	11,090,280

8. OTHER REVENUE

	2017 S$	2016 S$
Government grants	57,322	204,203
Others	2,839	4,045
	60,161	208,248

9. OTHER GAINS AND LOSSES

	2017 S$	2016 S$
Net exchange loss	381,334	55,711
Write-down of inventories	71,526	4,383
Bad debt provision	28,017	-
Loss on disposal of property, plant and equipment	5,523	-
	486,400	60,094

10. FINANCE COSTS

	2017 S$	2016 S$
Interest on bank borrowing	887	6,124
Interest on loans from shareholders	-	40,000
	887	46,124

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

11. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2017 S$	2016 S$
Staff costs (including directors' emoluments (note 12)		
Salaries and allowances	5,973,324	4,466,012
Contributions on defined contribution retirement plans	552,908	404,236
Share-based payments	362,218	201,848
	6,888,450	5,072,096
Less: capitalised as intangible assets	(1,016,257)	(1,369,899)
	5,872,193	3,702,197
Auditor's remuneration (note)	114,021	28,463
Depreciation of property, plant and equipment	306,895	271,058
Amortisation of intangible assets	642,870	301,248
Provision for doubtful debts	28,017	2,474
Loss on disposal of property, plant and equipment	5,523	-
Write-down of inventories	71,526	4,383

Note: For the year ended 31 May 2016, the auditor's remuneration was related to the fees for statutory audit services paid to the auditors of respective group companies.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

12. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

2017	Directors' fees	Basic remuneration, allowances and benefits in kind	Contribution on defined contribution retirement plans	Total
	S$	S$	S$	S$
Executive Directors				
Mr. Lau E Choon Alex	-	196,828	12,240	209,068
Mr. Ong Swee Heng	-	170,650	12,240	182,890
Non-executive Directors				
Mr. Quek Soo Boon (note 3)	-	-	-	-
Mr. Rohit Singh (note 4)	-	-	-	-
Prof. Wong Poh Kam	12,946	-	-	12,946
Mr. Robert Chew	12,946	-	-	12,946
Mr. Lee Suan Hiang	12,946	-	-	12,946
Independent Non-executive Directors				
Mr. Alwi Bin Abdul Hafiz (note 5)	12,946	-	-	12,946
Mr. Elango Subramanian (note 5)	12,946	-	-	12,946
Mr. Li Man Wai (note 5)	12,946	-	-	12,946
	77,676	367,478	24,480	469,634

2016	Directors' fees	Basic remuneration, allowances and benefits in kind	Contribution on defined contribution retirement plans	Total
	S$	S$	S$	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 1)	-	-	-	-
Mr. Lim Ho Kee (note 2)	-	-	-	-
Mr. Quek Soo Boon (note 3)	-	-	-	-
Mr. Rohit Singh (note 4)	-	-	-	-
Prof. Wong Poh Kam	-	-	-	-
Mr. Robert Chew	-	-	-	-
Mr. Lee Suan Hiang	-	-	-	-
	-	321,477	22,100	343,577

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

12. DIRECTORS' EMOLUMENTS (Continued)

Note 1: Mr. Chia Tek Yew was resigned as an alternate director to Lim Ho Kee with effect from 7 July 2015.

Note 2: Mr. Lim Ho Kee resigned as a non-executive director of the Company with effect from 25 May 2016.

Note 3: Mr. Quek Soo Boon resigned as a non-executive director of the Company with effect from 22 November 2016.

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. Alwi Bin Abdul Hafiz, Mr. Elango Subramanian and Mr. Li Man Wai were appointed as independent non-executive directors of the Company with effect from 24 November 2016.

No directors waived or agreed to waive any emoluments during the year ended 31 May 2017 (2016: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 May 2017 (2016: Nil).

13. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, one (2016: two) were directors of the Company whose emoluments are included in the disclosure in note 12 above. The emoluments of the remaining four (2016: three) individuals are as follows:

	2017 S$	2016 S$
Salaries, allowances and benefits in kind	576,655	320,400
Share-based payments	259,003	96,079
Contributions on defined contribution retirement plans	62,154	33,150
	897,812	449,629

Their emoluments were within the following bands:

	2017 No. of individuals	2016 No. of individuals
Nil to HK$1,000,000 (equivalent to Nil to S$179,120)	-	2
HK$1,000,001 to HK$1,500,000 (equivalent to S$179,121 to S$268,680)	4	1

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

13. FIVE HIGHEST PAID EMPLOYEES (Continued)

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

	2017 No. of individuals	2016 No. of individuals
Nil to HK$1,000,000 (equivalent to Nil to S$179,120)	2	3
HK$1,000,001 to HK$1,500,000 (equivalent to S$179,121 to S$268,680)	3	1

14. INCOME TAX EXPENSE

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

	2017 S$	2016 S$
Current tax – overseas		
- provision for the year	-	6,619
- under provision in respect of prior years	4,737	-
Deferred tax (note 29)	167,693	720,923
	172,430	727,542

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 29% respectively for the financial year ended 31 May 2017 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 year can be reconciled to the (loss)/profit before income tax in the consolidated statements of comprehensive income as follows:

	2017 S$	2016 S$
(Loss)/profit before income tax	(2,151,614)	3,221,240
Tax (credit)/charge calculated at Singapore income tax rate of 17%	(365,774)	547,611
Effect of different tax rates of the subsidiaries operating in other jurisdictions	(12,688)	(6,232)
Tax effect of revenue not taxable for tax purposes	(1,408)	(5,619)
Tax effect of expenses not deductible for tax purposes	478,310	168,628
Tax effect of temporary differences not recognised	-	(880)
Under provision in respect of prior years	1,895	-
Tax effect of tax loss not recognised	72,095	24,034
Income tax expense	172,430	727,542

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

15. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings

	2017 S$	2016 S$
(Loss)/profit for the purpose of basic (loss)/earnings per share	(2,324,044)	2,493,698

Number of shares

	2017	2016
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	231,607,838	91,000,000

For the year ended 31 May 2017, the basic and diluted loss per share are the same as the share options and preference shares outstanding had an anti-dilutive effect on the basic loss per share.

For the year ended 31 May 2016, the calculation of diluted profit attributable to the owners of the Company is based on profit for the year attributable to the owners of the Company and the weighted average number of ordinary shares as follows:

Weighted average number of ordinary shares for the purpose of basic earnings per share	91,000,000
- preference shares	207,636,702
- share options (note)	1,664,404
Weighted average number of ordinary shares for the purpose of diluted earnings per share	300,301,106

Note: For the calculation of the effect on the number of ordinary shares under share options, the average market price of ordinary shares is determined by reference to the price of the new shares issued under placing on 16 December 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

16. PROPERTY, PLANT AND EQUIPMENT

	Computers S$	Furniture and fixtures S$	Plant and equipment S$	Leasehold improvements S$	Total S$
Cost					
At 1 June 2015	101,280	184,907	157,910	379,076	823,173
Additions	28,304	64	102,816	-	131,184
Exchange alignment	(587)	(616)	(2,462)	(1,612)	(5,277)
At 31 May 2016	128,997	184,355	258,264	377,464	949,080
Additions	76,719	15,690	161,700	56,062	310,171
Disposals	-	(499)	-	(15,404)	(15,903)
Exchange alignment	756	(100)	2,996	(764)	2,888
At 31 May 2017	206,472	199,446	422,960	417,358	1,246,236
Accumulated depreciation					
At 1 June 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	(266)	(267)	(210)	(666)	(1,409)
At 31 May 2016	81,577	112,072	76,615	229,341	499,605
Charge for the year	41,443	62,220	76,082	127,150	306,895
Written back on disposal	-	(337)	-	(10,043)	(10,380)
Exchange alignment	274	(111)	352	(255)	260
At 31 May 2017	123,294	173,844	153,049	346,193	796,380
Net carrying value					
At 31 May 2017	83,178	25,602	269,911	71,165	449,856
At 31 May 2016	47,420	72,283	181,649	148,123	449,475

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

17. 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 2015	1,876,971	1,214,715	64,310	-	3,155,996
Additions	1,039,038	485,539	-	56,703	1,581,280
At 31 May 2016	2,916,009	1,700,254	64,310	56,703	4,737,276
Additions	-	679,597	-	722,887	1,402,484
At 31 May 2017	2,916,009	2,379,851	64,310	779,590	6,139,760
Accumulated amortisation					
At 1 June 2015	359,333	463,005	-	-	822,338
Charge for the year	105,171	183,214	12,863	-	301,248
At 31 May 2016	464,504	646,219	12,863	-	1,123,586
Charge for the year	539,381	90,627	12,862	-	642,870
At 31 May 2017	1,003,885	736,846	25,725	-	1,766,456
Net carrying value					
At 31 May 2017	1,912,124	1,643,005	38,585	779,590	4,373,304
At 31 May 2016	2,451,505	1,054,035	51,447	56,703	3,613,690

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) A one-stop cloud-based energy management solutions developed internally by the Company in 2011, with estimated useful life of five years is tested for impairment and there is no indication that it needs to be impaired.

A new version of energy management solutions developed internally by the Company in 2015, 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 2017, a new version of meter and a new version of communicator are under the progress of development by the Company and their 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

18. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 May 2017 were as follows:

Name of subsidiary	Place of incorporation / operation	Issued and fully paid share capital / registered capital	Attributable equity interest directly held by the Company	Principal activities
Anacle Systems Sdn Bhd	Malaysia	RM100,000	100%	Provision of asset and energy management and software and maintenance services
Anacle Systems (India) Private Limited	India	Rs100,000	99.99% (note)	Research and development, design, and supervise the manufacturing and assembly process of hardware products

Note: The non-controlling interest of Anacle Systems (India) Private Limited is not recognised as the directors consider the amount is insignificant to the Group.

19. TRADE RECEIVABLES

	2017 S$	2016 S$
Trade receivables	3,113,983	2,230,456
Less: provision for doubtful debts	(27,970)	-
	3,086,013	2,230,456

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 reporting period, based on the invoice date, is as follows:

	2017 S$	2016 S$
Within 1 month	1,628,432	1,381,643
2 to 3 months	1,446,204	743,802
4 to 6 months	11,377	96,768
7 to 12 months	-	8,243
	3,086,013	2,230,456

NOTES TO THE FINANCIAL STATEMENTS
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19. TRADE RECEIVABLES (Continued)

The ageing analysis of trade receivables (net of impairment losses) at end of the reporting period that are not individually nor collectively considered to be impaired is as follows:

	2017 S$	2016 S$
Not past due	2,209,199	1,468,664
Less than 1 month past due	638,399	415,132
1 to 3 months past due	227,812	317,879
Over 3 months but less than 12 months past due	10,603	28,781
	3,086,013	2,230,456

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 year are as follows:

	2017 S$	2016 S$
At beginning of year	-	18,450
Provision for the year	28,017	2,474
Bad debts written off	-	(20,144)
Exchange alignment	(47)	(780)
At end of year	27,970	-

At the end of the reporting period, 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$28,017 and S$2,474 as at 31 May 2017 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 S$	2016 S$
Deposits	227,822	230,136
Prepayments	185,564	238,962
Other receivables	4,245	-
	417,631	469,098

21. INVENTORIES

	2017 S$	2016 S$
Raw materials	199,483	161,244
Work in progress	282,042	-
Finished goods	211,238	218,275
	692,763	379,519

22. 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 year:

	2017 S$	2016 S$
Contracts in progress at the end of the year:		
Costs incurred to date plus recognised profits	7,590,834	1,717,324
Less: progress billings	(4,197,525)	(1,638,134)
	3,393,309	79,190
Represented by:		
Due from customers	3,583,111	178,854
Due to customers	(189,802)	(99,664)
	3,393,309	79,190

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

23. TRADE PAYABLES

	2017 S$	2016 S$
Trade payables	130,120	597,984

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 year is as follows:

	2017 S$	2016 S$
Within 1 month	110,556	338,246
2 to 3 months	4,513	201,173
4 to 6 months	5,933	39,219
7 to 12 months	-	10,267
Over 12 months	9,118	9,079
	130,120	597,984

24. OTHER PAYABLES AND ACCRUALS

	2017 S$	2016 S$
Accruals	679,921	274,878
Other payables	504,871	362,888
Goods and Services Tax payables (note)	48,777	183,237
	1,233,569	821,003

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.

25. PROVISION FOR WARRANTY

	2017 S$	2016 S$
At beginning of year	18,862	190,640
Utilised during the year	(967)	(171,778)
At end of year	17,895	18,862

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 warrant as at 31 May 2017 is adequate.

NOTES TO THE FINANCIAL STATEMENTS
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26. BANK BORROWING

	2017 S$	2016 S$
Interest-bearing and secured	-	42,017

The loan of S$135,000 was raised on 21 June 2013 and was 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. During the year ended 31 May 2017, the loan was early repaid by the Group.

At the end of reporting period, total current and non-current bank loan were scheduled to repay as follows:

	2017 S$	2016 S$
Within 1 year	-	38,625
More than 1 year, but not exceeding 2 years	-	3,392
	-	42,017

27. DEFERRED CAPITAL GRANTS

	S$
Cost	
At 1 June 2015	165,257
Addition	81,043
At 31 May 2016 and 2017	246,300
Amortisation	
At 1 June 2015	123,930
Charge for the year	33,047
At 31 May 2016	156,977
Charge for the year	8,280
At 31 May 2017	165,257
Net carrying amount	
At 31 May 2017	81,043
At 31 May 2016	89,323

NOTES TO THE FINANCIAL STATEMENTS
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27. DEFERRED CAPITAL GRANTS (Continued)

	2017 S$	2016 S$
Represented by:		
Current portion	6,754	8,280
Non-current portion	74,289	81,043
	81,043	89,323

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.

28. DEFERRED INCOME

Deferred income represents advanced payments from customers in respect of the services to be performed.

29. DEFERRED TAXATION

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

	Provision for warranty S$	Accelerated tax depreciation and amortisation S$	Tax losses S$	Others S$	Total S$
At 1 June 2015	32,409	(371,567)	895,196	-	556,038
(Charge)/credit to profit or loss for the year	(29,202)	(197,507)	(495,804)	1,590	(720,923)
Exchange alignment	-	139	-	(66)	73
At 31 May 2016	3,207	(568,935)	399,392	1,524	(164,812)
(Charge)/credit to profit or loss for the year	(165)	(92,429)	(75,615)	516	(167,693)
Exchange alignment	-	(134)	-	83	(51)
At 31 May 2017	3,042	(661,498)	323,777	2,123	(332,556)

NOTES TO THE FINANCIAL STATEMENTS
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29. DEFERRED TAXATION (Continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2017 S$	2016 S$
Deferred tax liabilities	(332,556)	(164,812)

As at 31 May 2017, the Group has unutilised tax losses of approximately S$2,268,101 (2016: S$2,651,226) that are available for offset against future taxable profits of the Group subject to agreement of the relevant authorities.

30. SHARE CAPITAL

	2017 Number	2017 S$	2016 Number	2016 S$
Issued and fully paid				
Ordinary shares	399,158,496	20,756,598	1,000,000	10,000
Series A Preference Shares	-	-	300,000	300,000
Series B Preference Shares	-	-	434,782	499,999
Series C Preference Shares	-	-	722,823	1,125,002
Series D Preference Shares	-	-	824,117	5,029,999
Total issued share capital		20,756,598		6,965,000

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. During the year ended 31 May 2017, all Series A PS have been converted into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
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30. SHARE CAPITAL (Continued)

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. During the year ended 31 May 2017, all Series B PS have been converted into 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. During the year ended 31 May 2017, all Series C PS have been converted into 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. During the year ended 31 May 2017, all Series D PS have been converted into 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.

NOTES TO THE FINANCIAL STATEMENTS
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30. SHARE CAPITAL (Continued)

The movement of the issued and fully paid ordinary shares is as follows:

	2017 Number	2017 S$	2016 Number	2016 S$
At beginning of the year	1,000,000	10,000	1,000,000	10,000
Share split (note (a))	90,000,000	-	-	-
Issue of ordinary shares upon conversion of preference shares (note (b))	208,158,496	6,989,998	-	-
Issue of ordinary shares under placing (note (c))	100,000,000	13,756,600	-	-
At end of the year	399,158,496	20,756,598	1,000,000	10,000

The movement of the preference shares is as follows:

	2017 Number	2017 S$	2016 Number	2016 S$
At beginning of the year	2,281,722	6,955,000	2,281,722	6,955,000
Issue of preference shares (note (d))	5,734	34,998	-	-
Share split (note (a))	205,871,040	-	-	-
Conversion of preference shares into ordinary shares (note (b))	(208,158,496)	(6,989,998)	-	-
At end of the year	-	-	2,281,722	6,955,000

Note:

(a) On 24 November 2016, the directors approved that each issued ordinary share and preference share of the Company was sub-divided into 91 ordinary shares and preference shares with immediate effect.

(b) On 16 December 2016, each issued preference share of the Company was converted into one ordinary share.

(c) Upon the placing took place during the year, 100,000,000 new ordinary shares were issued at a price of HK$0.74 per share for a total cash consideration of approximately HK$74,000,000 (equivalent to approximately S$13,756,600).

(d) On 7 June 2016, 5,734 Series D Preference Shares was allotted to an existing shareholder at cash consideration of S$34,998.

NOTES TO THE FINANCIAL STATEMENTS
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31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is the condensed statement of financial position of the Company as at 31 May 2017 and 31 May 2016.

	Notes	2017 S$	2016 S$
Non-current assets			
Property, plant and equipment		301,580	373,463
Intangible assets		4,446,674	3,632,527
Investments in subsidiaries		2,082	2,082
		4,750,336	4,008,072
Current assets			
Trade receivables		2,979,066	2,178,068
Other receivables, deposits and prepayments		382,607	418,367
Inventories		637,030	348,413
Amounts due from customers		3,583,111	178,854
Amounts due from subsidiaries		61,955	85,306
Bank balances and cash		6,965,392	2,642,061
		14,609,161	5,851,069
Current liabilities			
Trade payables		115,627	577,911
Other payables and accruals		1,173,340	800,140
Amounts due to customers		189,802	99,664
Amount due to a shareholder		-	35,200
Provision for warranty		17,895	18,862
Bank borrowing		-	38,625
Deferred capital grants		6,754	8,280
Deferred income		357,642	399,565
		1,861,060	1,978,247
Net current assets		12,748,101	3,872,822
Total assets less current liabilities		17,498,437	7,880,894
Non-current liabilities			
Bank borrowing		-	3,392
Deferred capital grants		74,289	81,043
Deferred tax liabilities		331,604	163,103
		405,893	247,538
NET ASSETS		17,092,544	7,633,356
Capital and reserves			
Share capital	30	20,756,598	6,965,000
Reserves	32	(3,664,054)	668,356
TOTAL EQUITY		17,092,544	7,633,356

Mr. Lau E Choon Alex
Director

Mr. Ong Swee Heng
Director

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 2017

32. RESERVES

Movement of the reserves of the Company

	Ordinary share capital S$	Preference share S$	Share premium S$	Share-based compensation reserve S$	Accumulated losses S$	Total S$
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	10,000	6,955,000	-	756,707	(88,351)	7,633,356
Loss for the year	-	-	-	-	(2,421,604)	(2,421,604)
Issue of preference shares	-	34,998	-	-	-	34,998
Issue of ordinary shares upon conversion of preference shares	6,989,998	(6,989,998)	-	-	-	-
Issue of ordinary shares under placing	13,756,600	-	-	-	-	13,756,600
Cancellation of warrants (note a)	-	-	-	-	(897,000)	(897,000)
Share issue expenses	-	-	(1,376,024)	-	-	(1,376,024)
Recognition of share-based payment expenses	-	-	-	362,218	-	362,218
At 31 May 2017	20,756,598	-	(1,376,024)	1,118,925	(3,406,955)	17,092,544

Note:

(a) 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 were 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.

NOTES TO THE FINANCIAL STATEMENTS
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33. SHARE-BASED PAYMENTS

The Board of Directors of the Company approved and adopted a share option plan (the " 2010 Plan") on 10 March 2010 and another share option plan (the "2013 Plan") on 18 December 2013 for the purpose of providing eligible individuals who are responsible for the management, growth and financial success of the 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 both 2010 Plan and 2013 Plan include directors, officers, employees of the Company and its subsidiaries, and independent consultants, advisors and independent contractors who provide valuable services to the Company and its subsidiaries.

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

(a) The 2010 Plan

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

2017

		Number of shares issuable under share options						
Category of participant	Date of grant	At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Adjusted upon share split (note)	At the end of the year	Exercise price (note) S$
Directors	10 March 2010	109,226	-	-	-	9,830,340	9,939,566	0.009
Employees	10 March 2010	27,307	-	-	-	2,457,630	2,484,937	0.009
	1 June 2013	60,000	-	-		5,400,000	5,460,000	0.009
	1 August 2013	41,534	-	-	-	3,738,060	3,779,594	0.009
	1 May 2015	30,000		-	-	2,700,000	2,730,000	0.009
	1 June 2016	-	5,000	-	-	450,000	455,000	0.009
Sub-total		158,841	5,000	-	-	14,745,690	14,909,531	
Total		268,067	5,000	-	-	24,576,030	24,849,097	

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33. SHARE-BASED PAYMENTS (Continued)

(a) The 2010 Plan (Continued)

2016

Category of participant	Date of grant	At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Adjusted upon share split (note)	At the end of the year	Exercise price (note)
		Number of shares issuable under share options						S$
Directors	10 March 2010	109,226	-	-	-	-	109,226	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	30,000		-	-	-	30,000	0.85
Sub-total		158,841	-	-	-	-	158,841	
Total		268,067	-	-	-	-	268,067	

Note: On 24 November 2016, the directors approved that each issued and allotted ordinary shares and preference shares was sub-divided into 91 shares with immediate effect. Accordingly, one share option was sub-divided into 91 share options and the exercise price was adjusted from S$0.850 per option to S$0.009 per option under 2010 Plan.

(b) The 2013 Plan

2017

Category of participant	Date of grant	At beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Adjusted upon share split (note)	At the end of the year	Exercise price (note)
		Number of shares issuable under share options						S$
Employees	1 June 2016	-	91,569	-	(22,000)	6,261,210	6,330,779	0.0067

Note: On 24 November 2016, the directors approved that each issued and allotted ordinary shares and preference shares was sub-divided into 91 shares with immediate effect. Accordingly, one share option was sub-divided into 91 share options and and the exercise prices were adjusted from S$6.100 per option to S$0.067 per option under 2013 Plan.

The options are exercisable once the vesting conditions are met. If the options are vested when the Company is privately held, the options shall expire on earlier of 10 years from vesting date or 3 years from the initial public date. If the options are vested when the Company is a public company, the options shall expire on 3 years from vesting date.

NOTES TO THE FINANCIAL STATEMENTS
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33. SHARE-BASED PAYMENTS (Continued)

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

	2017 Weighted average exercise price S$	2017 Number	2016 Weighted average exercise price S$	2016 Number
Outstanding at beginning of the year	0.850	268,067	0.850	268,067
Granted during the year	5.828	96,569	-	-
Forfeited during the year	6.100	(22,000)	-	-
Adjusted upon share split	(1.89)	30,837,240	-	-
Outstanding at the end of the year	0.021	31,179,876	0.850	268,067

The weighted average exercise price of options outstanding at the end of the year is S$0.021 (2016: S$0.850) and the weighted average remaining contractual life was 3.7 years (2016: 9.6 years).

Of the total number of options outstanding at end of the year, 20,719,244 (2016: 219,078) had vested and were exercisable.

The following information is relevant in the determination of the fair value of options granted during the year.

	Granted on 1 June 2016
Option pricing model used	Black-Scholes Option Pricing Model
Share price at grant date	S$12.168
Exercise price	S$6.100
Weighted average contractual life	2.50 to 5.50 years
Expected volatility	25.0% to 27.6%
Expected dividend rate	0%
Risk-free interest rate	1.165% to 1.788%

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 2017, 22,000 share options forfeited before the adjustment of share split. Accordingly, the related share-based compensation reserve of S$34,380 was reversed to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
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34. OPERATING LEASE ARRANGEMENTS

As lessee

	2017 S$	2016 S$
Minimum lease payments paid under operating leases during the year	792,106	715,789

At the end of the year, the Group had total future minimum lease payments under non-cancellable operating leases are due as follows:

	2017 S$	2016 S$
Within one year	787,320	707,349
In the second to fifth years, inclusive	1,589,783	116,646
	2,377,103	823,995

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

	2017 S$	2016 S$
Minimum lease payments received under operating leases during the year	24,890	11,835

At the end of the year, the Group had total future minimum lease payments receivable under non-cancellable operating leases are due as follows:

	2017 S$	2016 S$
Within one year	33,480	14,010
In the second to fifth years, inclusive	34,485	2,955
	67,965	16,965

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.

NOTES TO THE FINANCIAL STATEMENTS
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35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following significant transactions with related parties.

	Note	2017 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
		-	40,000
Professional service fee paid to following shareholders:			
- Majuven Pte. Ltd.		26,400	-
- Majuven Fund Pte. Ltd.		-	35,200
		26,400	35,200
Warrant cancellation fee paid to following shareholders			
- BAF Spectrum Pte. Ltd.		170,925	-
- iGlobe Platinum Fund Limited		353,402	-
- Mr. Lim Ho Kee		2,255	-
- Majuven Fund 1 Ltd.		365,911	-
- Mr. Lee Ching Yen Stephen		4,507	-
		897,000	-

(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.

NOTES TO THE FINANCIAL STATEMENTS
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35. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

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

	2017 S$	2016 S$
Salaries, allowances and benefits in kind	1,048,554	732,496
Share-based payments	194,934	119,328
Contributions on defined contribution retirement plans	100,143	66,304
	1,343,631	918,128

(c) The amount due to a shareholder was unsecured, interest-free and repayable on demand.

36. MATERIAL INTEREST OF DIRECTORS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

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

37. CAPTIAL 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.

NOTES TO THE FINANCIAL STATEMENTS
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37. CAPTIAL RISK MANAGEMENT (Continued)

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

	2017 S$	2016 S$
Total borrowing	-	42,017
Less: bank balances and cash	(7,134,663)	(2,773,551)
Net debt	(7,134,663)	(2,731,534)
Total capital	17,388,594	7,814,984
Gearing ratio	N/A	N/A

38. 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 2017 and 2016, the Group has a certain concentration of credit risk as 37% and 28% of the total trade debtors was due from the Group's largest customer respectively and 68% and 55% of the total trade debtors 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 note 19 and 20, respectively, to the financial statements.

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38. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

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

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

	Carrying amount S$	Total contractual undiscounted cash flow S$	Within 1 year or on demand S$	More than 1 year but less than 2 years S$	More than 2 years but less than 5 years S$
2017					
Trade payables	130,120	130,120	130,120	-	-
Other payables and accruals	1,233,569	1,233,569	1,233,569	-	-
Amounts due to customers	189,802	189,802	189,802	-	-
	1,553,491	1,553,491	1,533,491	-	-

	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	42,017	44,512	41,088	3,424	-
	1,595,868	1,598,363	1,594,939	3,424	-

NOTES TO THE FINANCIAL STATEMENTS
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38. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(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.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2017 S$	2016 S$
Financial assets		
Loans and receivables (including bank balances and cash)	14,035,854	5,412,997
Financial liabilities		
Financial liabilities measured at amortised costs	1,553,491	1,595,868

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reviewed by the Audit Committee and approved and authorised for issue by the Board of Directors on 25 August 2017.

FINANCIAL SUMMARY

A summary of the results, and of the assets, liabilities and non-controlling interests of the Group for the last three financial years, as extracted from the published audited consolidated financial statements or published prospectus of the Company is set out below:

	For the year ended 31 May		
	2017	2016	2015
	S$	S$	S$
Revenue	13,333,991	11,090,280	7,324,596
Profit/(loss) for the year	(2,324,044)	2,493,698	(354,218)
Profit/(loss) attributable to:			
Owners of the Company	(2,324,044)	2,493,698	(354,218)
Non-controlling interests	-	-	-
	(2,324,044)	2,493,698	(354,218)

	As at 31 May		
	2017	2016	2015
	S$	S$	S$
Assets and liabilities			
Non-current assets	4,823,160	4,063,165	3,482,913
Current assets	14,914,181	6,031,478	3,150,857
Current liabilities	(1,941,902)	(2,030,412)	(1,497,839)
Net current assets	12,972,279	4,001,066	1,653,018
Non-current liabilities	(406,845)	(249,247)	(50,298)
Net assets	17,388,594	7,814,984	5,085,633

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