



ANACLE SYSTEMS

1H 2018 REPORT

Anacle Systems Limited
安科系統有限公司*

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

** for identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND THE “GEM”, RESPECTIVELY)

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.

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

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

TABLE OF CONTENTS

DEFINITIONS.....	4
CORPORATE INFORMATION	6
FINANCIAL HIGHLIGHTS	7
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	8
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	12
MANAGEMENT DISCUSSION AND ANALYSIS.....	24
FUTURE PROSPECT AND OUTLOOK.....	27
FINANCIAL REVIEW	28
CORPORATE GOVERNANCE AND OTHER INFORMATION.....	34

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“commercialisation”	a product is considered commercially launched once our product generates its first dollar of revenue
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“Placing”	the placing of the Shares on 16 December 2016
“PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preference Share(s)”	Series A Preference Share(s), Series B Preference Share(s), Series C Preference Share(s) and Series D Preference Share(s) of the Company
“Prospectus”	the prospectus issued by the Company on 30 November 2016 in connection with the Placing
“Reporting Period”	the six months ended 30 November 2017

DEFINITIONS

“Required Standard of Dealings”	the required standard of dealings in securities set out in Rules 5.48 to 5.67 of the GEM Listing Rules
“Series A Preference Share(s)”	300,000 Preference Shares issued by the Company to the Series A investors in September 2006, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series B Preference Share(s)”	434,782 Preference Shares issued by the Company to the Series B investors in two tranches in September 2007 and January 2008, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series C Preference Share(s)”	722,823 Preference Shares issued by the Company to the Series C investors in March 2010, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“Series D Preference Share(s)”	824,117 Preference Shares issued by the Company to the Series D investors in December 2013 and 5,734 Preference Shares issued in June 2016, all of which were automatically and mandatorily converted into Ordinary Shares on the Listing Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Ordinary Share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “Singapore dollars”	the lawful currency of Singapore
“ TESSERACT ”	an advanced Internet of Things, smart metering and controlling platform for Starlight which handles big data in the software

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)
Prof. Wong Poh Kam
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

COMPANY WEBSITE

www.anacle.com

GEM STOCK CODE

8353

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex
Mr. Ong Swee Heng

INDEPENDENT AUDITOR

BDO Limited

COMPLIANCE ADVISER

KGI Capital Asia Limited

HONG KONG LEGAL ADVISER

Deacons

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B
21/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

21/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER

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

FINANCIAL HIGHLIGHTS

17.4%

INCREASE IN REVENUE

Moderate increase in revenue by approximately S\$0.79 million.

2.4%

INCREASE IN GROSS PROFIT

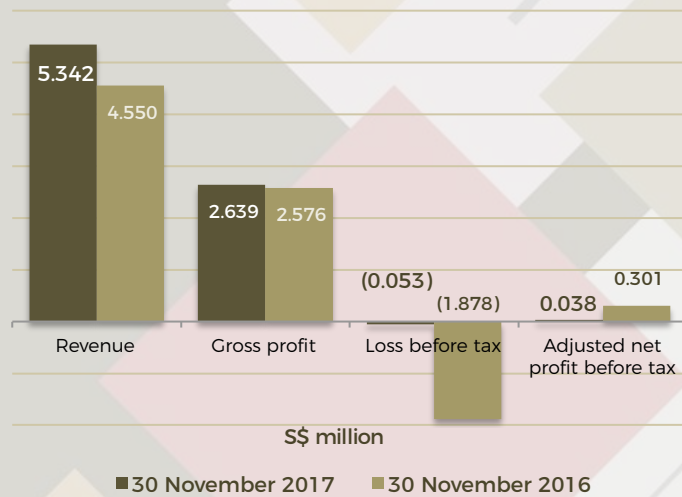
Moderate increase in gross profit by approximately S\$0.06 million.

ADJUSTED PROFIT BEFORE TAX

INTERIM DIVIDEND

Six months ended
30 November

	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue	5,342,331	4,549,788
Gross profit	2,638,714	2,575,745
Loss before tax	(52,634)	(1,878,040)
Adjusted profit before tax	37,742	300,744



Adjusted profit before tax was arrived at after deducting share based payments of S\$0.09 million (30 November 2016: S\$0.18 million) and Listing expenses of S\$ Nil (30 November 2016: S\$1.99 million). The Group invested heavily in sales and marketing activities and events during the Reporting Period in anticipation of **TESSERACT** and **mybill.sg** launch in the next financial year.

The Board has not declared the payment of interim dividend for the six months ended 30 November 2017.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 November	
		2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue	4	5,342,331	4,549,788
Cost of sales		(2,703,617)	(1,974,043)
Gross profit		2,638,714	2,575,745
Other revenue	5	27,033	28,718
Other gains and losses	6	(104,205)	(56,822)
Marketing and other operating expenses		(788,762)	(508,342)
Administrative expenses		(1,749,343)	(1,871,716)
Research and development costs		(76,071)	(49,954)
Listing expenses		-	(1,994,782)
Finance costs		-	(887)
Loss before income tax	7	(52,634)	(1,878,040)
Income tax expense	8	(16,125)	(3,931)
Loss for the period		(68,759)	(1,881,971)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of foreign operations		13,008	21,934
Total comprehensive income for the period		(55,751)	(1,860,037)
Loss for the period attributable to:			
Owners of the Company		(68,759)	(1,881,971)
Non-controlling interests		-	-
Total comprehensive income for the period attributable to:			
Owners of the Company		(55,751)	(1,860,037)
Non-controlling interests		-	-
		Singapore cents	Singapore cents
Earnings/(Loss) per share attributable to owners of the Company:			
Basic	10	(0.02)	(2.07)
Diluted	10	(0.02)	(0.63)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Non-current assets			
Property, plant and equipment	11	422,777	449,856
Intangible assets	12	5,099,697	4,373,304
Total non-current assets		5,522,474	4,823,160
Current assets			
Trade receivables	13	2,904,456	3,086,013
Other receivables, deposits and prepayments		745,201	417,631
Inventories		661,876	692,763
Amounts due from customers		3,518,893	3,583,111
Bank balances and cash		5,330,884	7,134,663
Total current assets		13,161,310	14,914,181
Current liabilities			
Trade payables	14	346,188	130,120
Other payables and accruals		408,632	1,233,569
Amounts due to customers		-	189,802
Provision for warranty		7,766	17,895
Deferred capital grants		6,754	6,754
Deferred income		83,414	363,762
Tax payable		-	-
Total current liabilities		852,754	1,941,902
Net current assets		12,308,556	12,972,279
Total assets less current liabilities		17,831,030	17,795,439
Non-current liabilities			
Deferred capital grants		74,289	74,289
Deferred tax liabilities		333,522	332,556
Total non-current liabilities		407,811	406,845
NET ASSETS		17,423,219	17,388,594
Capital and reserves			
Share capital	15	20,756,598	20,756,598
Reserves		(3,333,379)	(3,368,004)
Equity attributable to owners of the Company		17,423,219	17,388,594
Non-controlling interests		-	-
TOTAL EQUITY		17,423,219	17,388,594

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Shares S\$	Preference Shares S\$	Share premium S\$	Share-based compensation reserve* S\$	Exchange- fluctuation reserve* S\$	(Accumulated losses)/retained profits S\$	Total S\$
At 1 June 2017 (audited)	20,756,598	-	(1,376,024)	1,118,925	65,322	(3,176,227)	17,388,594
Loss for the period	-	-	-	-	-	(68,759)	(68,759)
Other comprehensive income	-	-	-	-	13,008	-	13,008
Total comprehensive income	-	-	-	-	13,008	(68,759)	(55,751)
Recognition of share- based payment expenses	-	-	-	90,376	-	-	90,376
At 30 November 2017 (unaudited)	20,756,598	-	(1,376,024)	1,209,301	78,330	(3,244,986)	17,423,219
At 1 June 2016 (audited)	10,000	6,955,000	-	756,707	48,460	44,817	7,814,984
Loss for the period	-	-	-	-	-	(1,881,971)	(1,881,971)
Other comprehensive income	-	-	-	-	21,934	-	21,934
Total comprehensive income	-	-	-	-	21,934	(1,881,971)	(1,860,037)
Issuance of Preference Shares	-	34,998	-	-	-	-	34,998
Cancellation of warrants	-	-	-	-	-	(897,000)	(897,000)
Recognition of share- based payment expenses	-	-	-	184,002	-	-	184,002
At 30 November 2016 (unaudited)	10,000	6,989,998	-	940,709	70,394	(2,734,154)	5,276,947

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Net cash used in operating activities	(728,328)	(1,311,912)
Net cash used in investing activities	(1,075,742)	(800,394)
Net cash used in financing activities	-	(7,907)
Net decrease in cash and cash equivalents	(1,804,070)	(2,120,213)
Cash and cash equivalents at beginning of period	7,134,663	2,773,551
Effect of foreign exchange rate changes	291	(5,362)
Cash and cash equivalents at end of period	5,330,884	647,976
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	5,330,884	647,976

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

The condensed consolidated statement of financial position as at 30 November 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows of the Group for the six months ended 30 November 2017, as well as a summary of significant accounting policies and other explanatory information (the “**Interim Financial Statements**”) were approved for issue by the Board on 8 January 2018.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 May 2017 (the “**2017 Financial Statements**”). The 2017 Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as the “**IFRSs**”) and the disclosure requirements of the Companies Ordinance. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the 2017 Financial Statements.

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

3. SEGMENT REPORTING

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

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- **Simplicity** – a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management and customer relationship management;
- **Starlight** – a one-stop cloud-based energy management solutions which provide 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 by 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	
	Six months ended 30 November							
	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue from external customers	3,944,790	3,844,358	1,395,043	705,270	2,498	160	5,342,331	4,549,788
Gross profit/(loss)	2,338,925	2,359,430	308,097	223,848	(8,308)	(7,533)	2,638,714	2,575,745
Depreciation and amortisation	239,016	291,601	37,770	72,481	6,431	6,431	283,217	370,513
Write-down of inventories	-	-	-	7,517	-	-	-	7,517
Reportable segment profit/(loss) before income tax	1,944,918	2,177,468	(131,185)	(194,777)	(9,049)	(8,232)	1,804,684	1,974,459
	As at							
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Reportable segment assets	7,750,771	7,543,162	5,046,174	4,592,205	32,154	38,585	12,829,099	12,173,952
Additions to non-current assets	401,368	-	611,729	822,460	-	-	1,013,097	822,460
Reportable segment liabilities	128,990	756,702	536,019	491,281	570	-	665,579	1,247,983

3. SEGMENT REPORTING (Continued)

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

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Profit/(Loss) before income tax		
Reportable segment profit	1,804,684	1,974,459
Other revenue	26,940	20,439
Other gains and losses	(106,950)	(49,305)
Finance costs	-	(887)
Unallocated expenses:		
- Staff costs	(871,431)	(983,613)
- Share-based payments	(90,376)	(184,002)
- Rental expenses	(363,887)	(350,687)
- Listing expenses	(190,080)	(33,185)
- Legal and professional fees	-	(1,912,665)
- Others	(261,534)	(358,594)
Consolidated loss before income tax	(52,634)	(1,878,040)

	As at	
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Assets		
Reportable segment assets	12,829,099	12,173,952
Bank balances and cash	5,330,884	7,134,663
Property, plant and equipment	174,244	92,452
Unallocated corporate assets	349,557	336,274
Consolidated total assets	18,683,784	19,737,341

	As at	
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Liabilities		
Reportable segment liabilities	665,579	1,247,983
Other payables and accruals	261,464	768,208
Unallocated corporate liabilities	333,522	332,556
Consolidated total liabilities	1,260,565	2,348,747

3. 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:

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Revenue from external customers		
Singapore	5,052,054	4,264,856
Malaysia	153,393	199,677
Others	136,884	85,255
	5,342,331	4,549,788

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"):

	As at	
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Specified non-current assets		
Singapore	5,374,718	4,674,884
Malaysia	60,135	66,716
India	87,621	81,560
	5,522,474	4,823,160

(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:

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Customer A	742,792	1,181,157

4. REVENUE

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Project income	3,953,619	3,333,123
Recurring service income	1,368,482	1,208,545
Rental income	20,230	8,120
	5,342,331	4,549,788

5. OTHER REVENUE

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Government grants	25,193	24,680
Interest income	1,497	-
Others	343	4,038
	27,033	28,718

6. OTHER (GAINS) AND LOSSES

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Net exchange loss	106,950	49,305
Write-down of inventories	(2,745)	7,517
	104,205	56,822

7. LOSS BEFORE INCOME TAX

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

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Staff costs (including directors' emoluments)		
Salaries and allowances	3,550,337	2,820,983
Contributions on defined contribution retirement plans	294,661	277,801
Share-based payments	90,376	184,002
	3,935,374	3,282,786
Less: capitalised as intangible assets	(931,218)	(483,632)
	3,004,156	2,799,154
Auditor's remuneration	9,958	25,874
Depreciation of property, plant and equipment	96,968	133,151
Amortisation of intangible assets	275,314	358,792
Listing expenses	-	1,994,782
Write-down of inventories	(2,745)	7,517

8. INCOME TAX EXPENSE

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Current tax	15,123	3,931
Deferred tax	1,002	-
	16,125	3,931

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, and the two wholly-owned subsidiaries namely, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited, are calculated at 17%, 24% and 30.9% respectively for the six months ended 30 November 2017 and 30 November 2016.

9. DIVIDEND

The Board has not declared the payment of an interim dividend for the six months ended 30 November 2017 (30 November 2016: S\$Nil).

10. LOSS PER SHARE

For the six months ended 30 November 2017, the basic and diluted loss per share of the Company was S\$0.02 cents. The calculation is based on the loss attributable to the owners of the Company of S\$68,759 and 399,158,496 Ordinary Shares in issue. Basic and diluted earnings per share are the same because the share options had no anti-dilutive effect on the basic earnings per share.

For the six months ended 30 November 2016, the basic loss per share of the Company was S\$2.07. The calculation is based on the loss attributable to the owners of the Company of S\$1,881,971 and 91,000,000 weighted average number of ordinary shares in issue. Diluted loss per share of the Company was S\$0.63 cents. The calculation is based on the loss attributable to the owners of the Company of S\$1,881,971 and 300,301,106 weighted number of ordinary shares in issue.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of S\$74,034 (for the six months ended 30 November 2016: S\$144,236).

12. INTANGIBLE ASSETS

During the Reporting Period, the additional development cost incurred by the Group was S\$1,001,708 (for the six months ended 30 November 2016: S\$656,158).

13. TRADE RECEIVABLES

	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Trade receivables	2,932,571	3,113,983
Less: provision for doubtful debts	(28,115)	(27,970)
	2,904,456	3,086,013

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:

	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Within 1 month	1,777,706	1,628,432
2 to 3 months	874,497	1,446,204
4 to 6 months	67,517	11,377
7 to 12 months	184,736	-
	2,904,456	3,086,013

13. TRADE RECEIVABLES (Continued)

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

	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Not past due	2,463,653	2,209,199
Less than 1 month past due	157,048	638,399
1 to 3 months past due	74,944	227,812
Over 3 months but less than 12 months past due	208,811	10,603
	2,904,456	3,086,013

Trade receivables that were neither past due nor impaired primarily related to the Group's main customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related 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 was 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 Reporting Period are as follows:

	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
At beginning of the period	27,970	-
Provision for the period	-	28,017
Bad debts written off	-	-
Exchange alignment	145	(47)
	28,115	27,970

At the end of the Reporting Period, the Group's trade receivables were individually determined for impairment testing. Included in the provision for impairment of receivables were individually impaired trade receivables with a balance of S\$28,017 as at 30 November 2017 and 31 May 2017. The impairment losses recognised on trade receivables were expensed immediately for the amount by which the trade receivables' carrying amounts exceeds their recoverable amounts.

2018 INTERIM REPORT

14. TRADE PAYABLES

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 period is as follows:

	As at 30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Within 1 month	143,086	110,556
2 to 3 months	179,662	4,513
4 to 6 months	12,281	5,933
7 to 12 months	2,075	-
Over 12 months	9,084	9,118
	346,188	130,120

15. SHARE CAPITAL

	Number of Shares	S\$
Issued and fully paid		
Ordinary Shares	399,158,496	20,756,598
As at 31 May 2017 (audited)	399,158,496	20,756,598
As at 31 November 2017 (unaudited)	399,158,496	20,756,598

16. 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.

16. SHARE-BASED PAYMENTS (Continued)

(a) The 2010 Plan

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

Category of participant	Date of grant	Number of shares issuable under share options				At the end of the period	Exercise price S\$
		At beginning of the period	Granted during the period	Exercised during the period	Forfeited during the period		
Directors	10 March 2010	9,939,566	-	-	-	9,939,566	0.009
Employees	10 March 2010	2,484,937	-	-	-	2,484,937	0.009
	1 June 2013	5,460,000	-	-	-	5,460,000	0.009
	1 August 2013	3,779,594	-	-	-	3,779,594	0.009
	1 May 2015	2,730,000	-	-	-	2,730,000	0.009
	1 June 2016	455,000	-	-	-	455,000	0.009
Sub-total		14,909,531	-	-	-	14,909,531	
Total		24,849,097	-	-	-	24,849,097	

(b) The 2013 Plan

Category of participant	Date of grant	Number of shares issuable under share options				At the end of the period	Exercise price S\$
		At beginning of the period	Granted during the period	Exercised during the period	Forfeited during the period		
Employees	1 June 2016	6,330,779	-	-	-	6,330,779	0.0067

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 Listing date. If the options are vested when the Company is a public company, the options shall expire on 3 years from vesting date.

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

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

17. OPERATING LEASE ARRANGEMENTS

(a) As lessee

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.

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

	As at	
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Within one year	773,081	787,320
In the second to fifth years, inclusive	1,173,347	1,589,783
	1,946,428	2,377,103

(b) As lessor

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.

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

	As at	
	30 November 2017 (unaudited) S\$	31 May 2017 (audited) S\$
Within one year	31,675	33,480
In the second to fifth years, inclusive	31,620	34,485
	63,295	67,965

18. 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.

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Payment for warrant cancellation to shareholders	-	897,000
Interest expense paid to shareholders	-	20,000

18. RELATED PARTY TRANSACTIONS (Continued)**(b) Compensation of key management personnel**

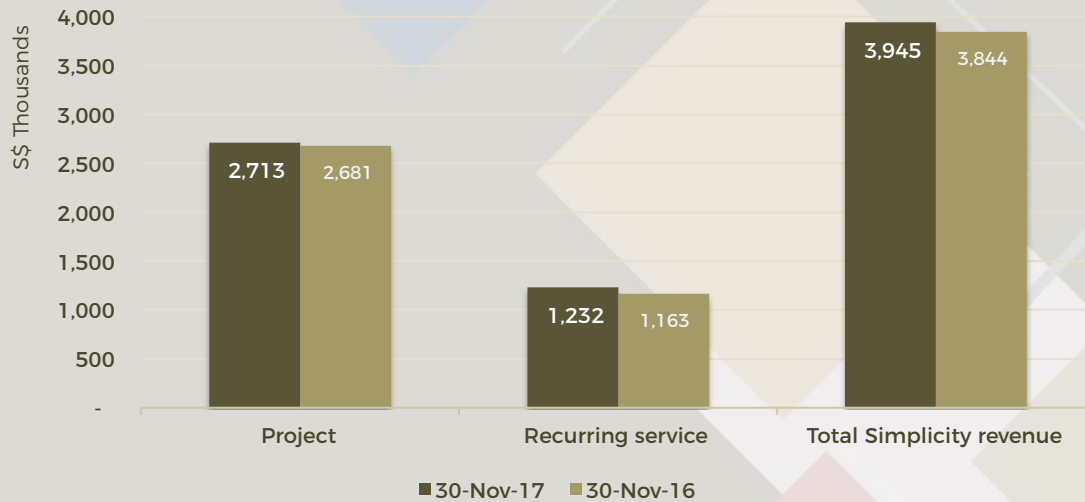
The remuneration of directors and other members of key management during the Reporting Period was as follows:

	Six months ended 30 November	
	2017 (unaudited) S\$	2016 (unaudited) S\$
Salaries, allowances and benefits in kind	554,122	520,825
Share-based payments	47,720	119,894
Contributions on defined contribution retirement plans	44,317	45,623
	646,159	686,342

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. SIMPLICITY



↑ 2.6%

TOTAL SIMPLICITY REVENUE

↑ 1.2%

SIMPLICITY PROJECT

↑ 5.9%

SIMPLICITY RECURRING SERVICE

Simplicity is a self-developed enterprise application software solution that offers specific solutions for the management of enterprise asset, shared resources, tenancy, supply chain, customer relationship and finance.

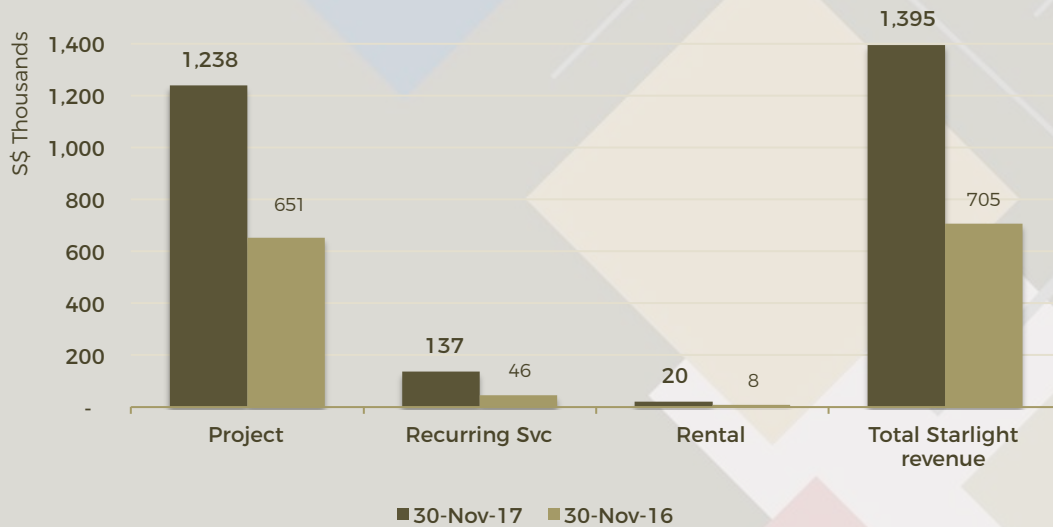
After the temporary 5% decrease in the last quarter due to seasonal fluctuations, **Simplicity** revenue has started to pick up slightly. Revenue growth is expected to remain moderate because the focus is currently on increasing the market share by offering competitive pricing.

Recurring service revenue from maintenance has increased as an increasing number of **Simplicity** software implementations move to maintenance phase.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2. STARLIGHT



Starlight is a self-developed energy management solution that combines software and hardware components and is a one-stop energy management solution for commercial property and building owners to monitor energy usage in buildings, including energy consumption, power quality, energy analytics and carbon footprint profiles, which helps end-users better manage their energy usage and save costs.

The majority of the revenue was derived from project-based delivery of energy management solutions based on the **Starlight** solution. **Starlight** has recorded significant growth due to Starlight being the Singapore market leader in energy management. The main focus for **Starlight** is also increase in market share. Aggressive sales and marketing efforts as well as launch events have been carried out.

Revenue growth is expected to be strong because of the strong sales pipeline and a healthy order backlog.

↑ 97.6%
TOTAL STARLIGHT REVENUE

↑ 89.9%
STARLIGHT PROJECT

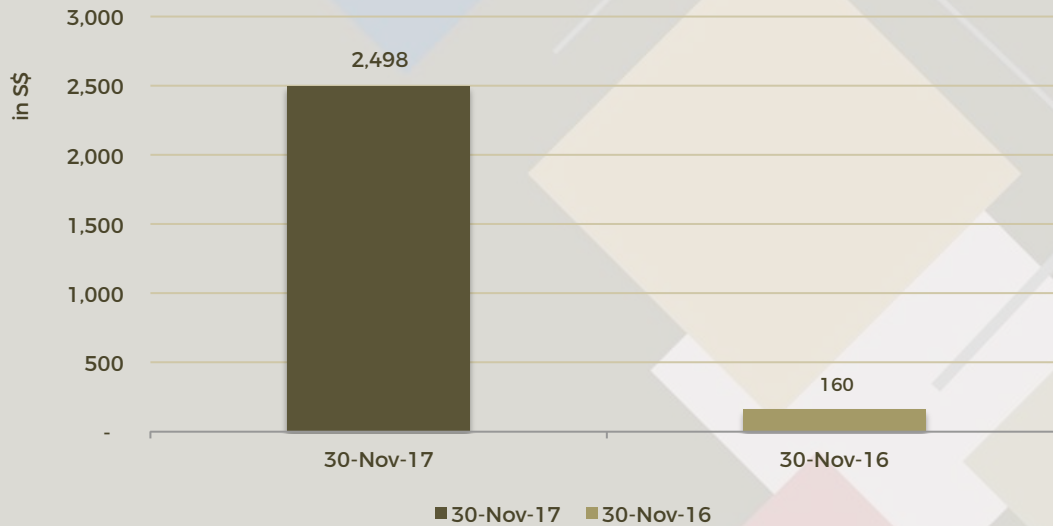
↑ 197.8%
STARLIGHT RECURRING SERVICE

↑ 150.0%
STARLIGHT RENTAL

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

3. SPACEMONSTER



↑ 1,461.3%
SPACEMONSTER REVENUE

SpaceMonster is an online portal designed to bring together and match people who need short-term meeting and leisure facilities with organisations that own or manage such venues.

SpaceMonster's revenue growth has continued from the last quarter ever since **SpaceMonster** was selected to be the platform for the Government Technology Agency of Singapore ("**GovTech**") initiative for venue sharing among 90 government agencies.

We expect that **SpaceMonster** will continue to report even stronger growth for the upcoming quarters.



FUTURE PROSPECT AND OUTLOOK



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

The Singapore markets for enterprise application software and building energy management systems remain robust and are expected to grow. With Singapore's focus on Smart Nation (especially Smart Energy) initiatives, the **Starlight** business unit is expected to provide major contribution to the Group's growth in financial year 2018.

In November 2017, the Company started the discussion with a Zhejiang-based enterprise (the "**PRC Counterpart**") on forming a strategic alliance to facilitate the Company's entry into the China market. On 1 December 2017, a memorandum of understanding (the "**Memorandum of Understanding**") between the Company and the PRC Counterpart was signed, in which both parties are to collaborate to develop smart city management systems and solutions including energy, building and facilities management and cloud platform. To tap on Zhejiang as an innovation hub and its pool of engineering talents, the Company, with the assistance of the PRC Counterpart, will establish a presence in Hangzhou and will invest in a joint venture with the PRC Counterpart.

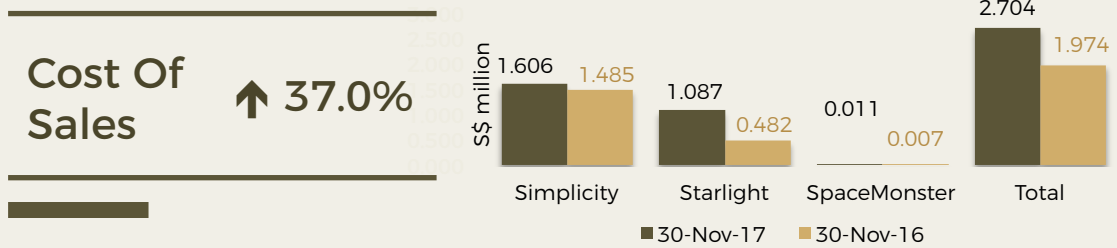
The major new development is the successful achievement of all necessary type approvals for the **TESSERACT**, our revolutionary Internet-of-Things device for the smart energy market. The **TESSERACT** has vastly greater capabilities and computing power than smart meters at the same price range in the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

FINANCIAL REVIEW

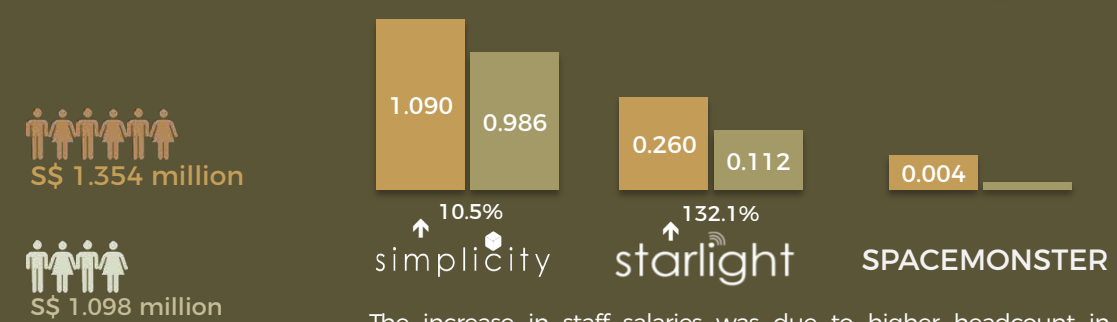
1H 2018	REVENUE	1H 2017
S\$ 3.945 million	 ↑ 2.6%	S\$ 3.844 million
S\$ 1.395 million	 ↑ 97.8%	S\$ 0.705 million
S\$ 2,498	SPACEMONSTER ↑ 1,461.3%	S\$ 160
S\$ 5.342 million	TOTAL ↑ 17.4%	S\$ 4.550 million

Revenue growth during the Reporting Period was significantly lesser than the 32.2% achieved during the first half of financial year 2017 because of Simplicity, the main revenue contributing unit, was recovering from the seasonal set back in the previous quarter. Detailed analysis of each business unit's revenue are discussed in the preceding Business Review section.

FINANCIAL REVIEW

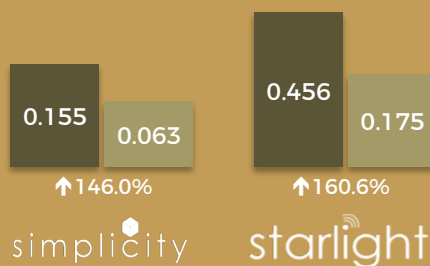


SALARIES : ↑ 23.3%



The increase in staff salaries was due to higher headcount in anticipation of new projects in the sales pipeline as a result of increased sales and marketing efforts.

1H 2018 1H 2017 S\$ million

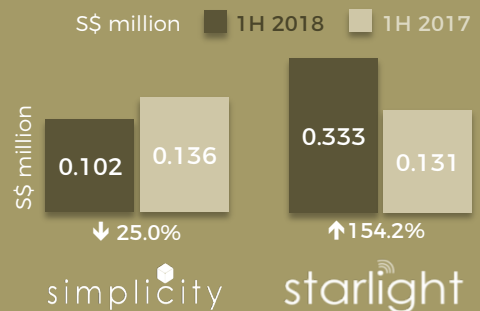


PROFESSIONAL FEES: ↑ 156.7%

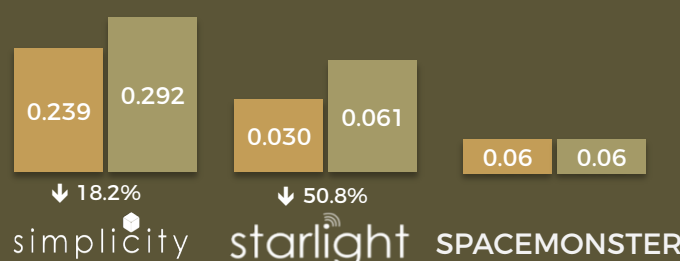
Professional fees included electrical contractors for **Starlight** projects. In line with **Starlight's** revenue growth, third party contractor cost has increased. **Simplicity** has outsourced more of its technical support team to overseas centre. Increase in internship costs also contributed to the higher professional fee for **Simplicity**.

SYSTEM FEE: ↑ 62.9%

System fees increased because **Starlight** has secured bigger projects which often require more hardware and other third party licences. Such requirement was not needed in the Group's historical smaller projects. As the Group takes on more larger projects, system fee will increase.



1H 2018 1H 2017 S\$ million



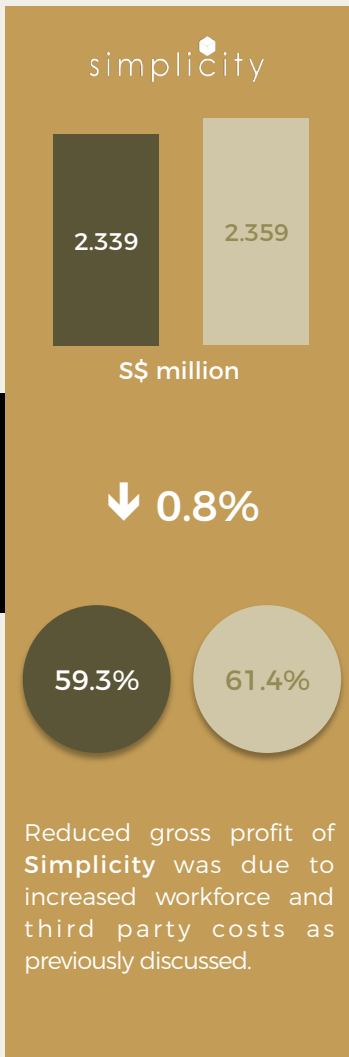
AMORTISATION: ↓ 23.4%

Older versions of both **Simplicity** and **Starlight** portfolio have reached their end of life resulting in the decrease in amortisation expense.

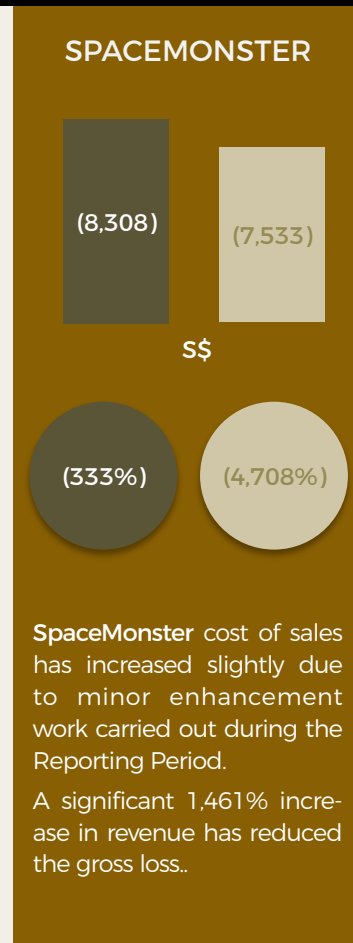
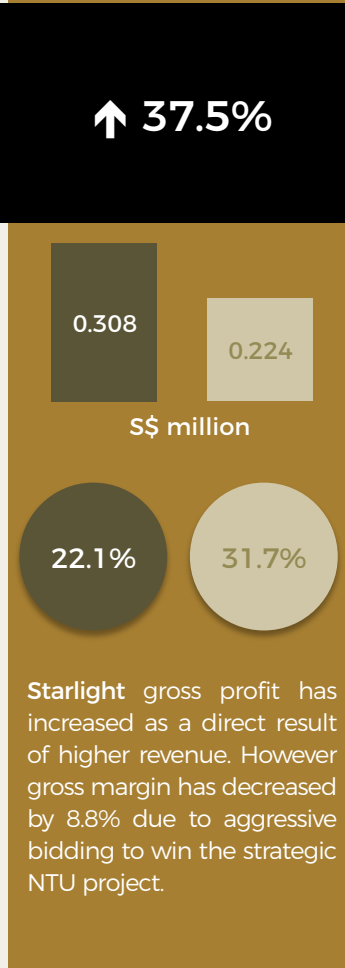
FINANCIAL REVIEW

Gross Profit ↑ 2.4%

1H18	1H17
------	------



starlight



FINANCIAL REVIEW

MARKETING &
OTHER EXPENSES

↑ 55.2%

↑ S\$280,420

The increase in marketing & other expenses is primarily due to the additional of 4 headcount to the sales and marketing team, as well as numerous marketing events that the Group had organised or participated in. The marketing events include product launches for the **TESSERACT**, pre-marketing launches for **mybill.sg** and participation in general trade exhibitions such as BEX Asia in Singapore and iGEM in Malaysia.

ADMINISTRATIVE
EXPENSES

↓ 6.5%

↓ S\$122,373

Administrative expenses decreased because of lower depreciation, share based payment and payment of bonus for staff. Certain assets have reached the end of their useful life resulting in lower depreciation. The vesting of share options has also contributed to lower share based payment. There was no performance bonus paid to staff during the Reporting Period. Professional fees, directors' fees and staff costs, and benefits have increased due to post listing compliance fee, directors' fees paid to non-executive directors post listing.

R&D COSTS

↑ 52.3%

↑ S\$ 26,117

The increase in research and development costs is mainly due to enhancements to Simplicity Business Software Version 8 so that the Group can better serve the evolving market.

FINANCE COSTS

↓ 100%

↓ S\$887

There was no finance cost during the Reporting Period (30 November 2016: S\$887) because the Group repaid all of its borrowing obligations in August 2016 and the Group had no Shareholders' loan for the Reporting Period (30 November 2016: S\$Nil).

NET LOSS BEFORE
TAX FOR THE
PERIOD

↓ S\$1,825,406

The decrease in loss before tax was attributable to moderate increase in gross profit and decrease in administrative expense and listing expenses as discussed above. During the Reporting Period, the Group recorded a net exchange loss of S\$106,950 ((30 November 2016: S\$49,305) which was mainly attributable to translation of bank balance denominated in Hong Kong dollars.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The issued shares of the Company (the “Shares”) were successfully listed on the GEM on 16 December 2016. Before Listing, the Group’s operations and capital expenditure were funded by its cash and cash equivalents, loans and cash generated from operating activities. Upon Listing, the Group will use net proceeds from placing and internal resources to enable the Group to expand its operations.

As at 30 November 2017, the cash and bank balances of the Group were S\$5,330,884 (as at 31 May 2017: S\$7,134,663). The decrease was primarily attributed to the acquisition of non-current assets, and settlement of trade payables. The net current assets of the Group were S\$12,308,556 (as at 31 May 2017: S\$12,972,279). The decrease in the Group’s net current assets was primarily due to a decrease in cash and bank balances as explained above.

Gearing ratio is calculated as total bank borrowings divided by the total equity as at the end of a given period. As at 30 November 2017, the Group did not have any outstanding bank borrowings.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group manages its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS

Apart from the reorganisations in relation to the Listing as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries during the six months ended 30 November 2017. Except for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 November 2017.

FOREIGN 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.

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 November 2017 (as at 31 May 2017: S\$Nil).

EMPLOYEES AND REMUNERATION POLICY

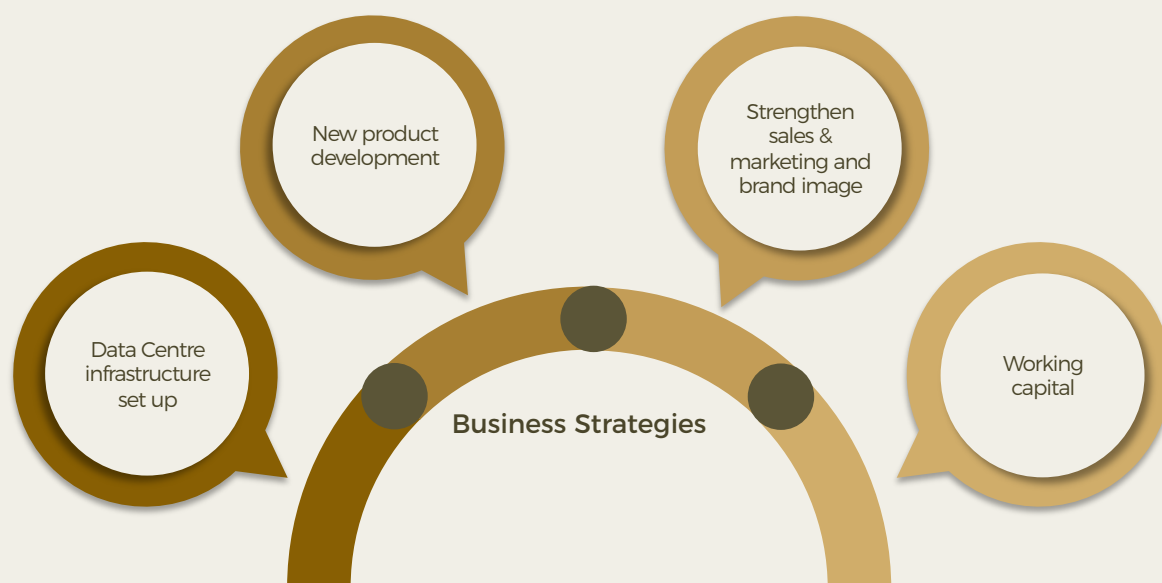
The Group had 123 employees (including executive Directors) as at 30 November 2017 (as at 31 May 2017: 108 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, allowances, performance bonuses, contributions on defined contribution retirement plans, performance incentives, share-based payments and other benefits.

CAPITAL COMMITMENTS AND PLEDGED OF ASSETS

The Group did not have any capital commitments and pledged of assets as at 30 November 2017 (as at 31 May 2017: S\$Nil).

FINANCIAL REVIEW

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS



	To acquire and set up data centre infrastructure	To enhance and expand our product offerings	To strengthen our sales and marketing efforts and reinforce our brand and product image	Working capital
Adjusted planned amount from the Latest Practicable Date to 30 November 2017	S\$72,202	S\$1,190,856	S\$1,539,673	\$334,752
Approximate % of total net proceeds	0.77%	12.70%	16.42%	3.57%
Actual use as at 30 November 2017	S\$33,904	S\$1,190,856	S\$862,999	\$334,752
Business objectives during the Reporting Period	To acquire additional server infrastructure comprising of approximately six to eight servers in Singapore.	<ul style="list-style-type: none"> To continue to develop TESSERACT, the advanced Starlight IoT platform 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. 	<ul style="list-style-type: none"> 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. 	To use as working capital.
Actual business progress	As the full energy market liberalisation has been moved to June 2018, the Group only needs four new servers during the Reporting Period, and will acquire the remaining servers subsequently.	The Group has successfully completed the development of the TESSERACT and launched it with multiple marketing activities during the Reporting Period. Due to diversion of resources to the Singapore GovTech contract, the formal launch of SpaceMonster has been delayed.	From January 2018, we have recruited our Chief Commercial Officer as well as three Sales and Business Development Managers. We have also participated in multiple trade shows and organised a number of marketing events.	The Group has utilised the planned amount as working capital.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 November 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Required Standard of Dealings, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Shares and the Underlying Shares

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

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the Shares and the underlying Shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.
- (3) These interests represent the total underlying Shares comprised in the pre-IPO share options granted by the Company on 10 March 2010.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 399,158,496 as at 30 November 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

Save as disclosed above, as at 30 November 2017, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and 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 recorded 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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 30 November 2017:

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

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the above 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 above 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 30 November 2017, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

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

As at 30 November 2017, so far as was known by or otherwise notified to the Directors, the following persons/entities (other than the Directors or the chief executives of the Company) had, or were deemed to have 5% or more interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO :

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Long Positions in the Shares and the Underlying Shares

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

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's wife and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (3) 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.
- (4) iGlobe Platinum Fund Limited is beneficially owned by Asia Core Properties Inc. Pte. Ltd., Lee Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard Haug, Harry Harmain Diah, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd., Kepventure Pte. Ltd., Khattar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe Sarraut, Hu Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Koichiro.
- (5) 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (Continued)**

- (6) *OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhua, Zang Yi, Yu Hai, Pang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, Gu Weiping, Jia Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.*
- (7) *M1 Limited wholly owns M1 TeliNet Pte. Ltd. and is deemed to be interested in the Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.*
- (8) *The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 November 2017 (i.e. 399,158,496 Shares).*

Save as disclosed above, as at 30 November 2017, the Directors were not aware of any other persons who/entities which had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

These Pre-IPO share options are exercisable at either approximately S\$0.01 per share or S\$0.07 per share (as the case may be and taking into account the automatic adjustment due to the sub-division of shares 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 Listing Date.

As at 30 November 2017 and the date of this report, share options comprising 31,179,876 underlying Shares have been granted to 11 grantees under the terms of the Pre-IPO Share Option Schemes. These grantees comprised two Directors, four members of our senior management, and five current/former employees of the Group.

All the above Pre-IPO share options have not been exercised as at 30 November 2017 and as 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 30 November 2017 and as at the date of this report.

SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN COMPETING BUSINESS

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

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

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

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, KGI Capital Asia Limited (the "Compliance Adviser"), as at 30 November 2017 and as the date of this report, save for the compliance adviser agreement dated 15 August 2016 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the six months ended 30 November 2017 (30 November 2016: S\$Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Board established the Audit Committee on 24 November 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises two independent non-executive Directors, namely Mr. Li Man Wai, and Mr. Elango Subramanian and one non-executive Director, Mr. Robert Chew. Mr. Li Man Wai was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company. The unaudited condensed consolidated results of the Group for the Reporting Period and this report have been reviewed by the Audit Committee. The Board considers that the financial information has been prepared in compliance with the applicable accounting principles, requirements of the GEM Listing Rules and any other applicable laws, and that adequate disclosures have been made.

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

Singapore, 8 January 2018.

Anacle Systems Limited
安科系統有限公司

1 Fusionopolis View #08-02
Singapore 138577

www.anacle.com
info@anacle.com

Tel: +65 6734 9012
Fax: +65 6734 9011

Stock Code: 8353