



ANACLE SYSTEMS

3Q 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 GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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This report, for which the directors 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.

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DEFINITIONS

In this report, the following terms and expressions shall have the following respective meanings unless the context requires otherwise:

“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 and traded on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 People’s Republic of China 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 nine months ended 28 February 2018

** for identification purpose only*

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. Alwi Bin Abdul Hafiz (*Chairman*)

Prof. Wong Poh Kam

Mr. Li Man Wai

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

31/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

4.1%

INCREASE IN REVENUE

Moderate increase in revenue was due to shift of management and staff effort towards completion of two new major products.

22.9%

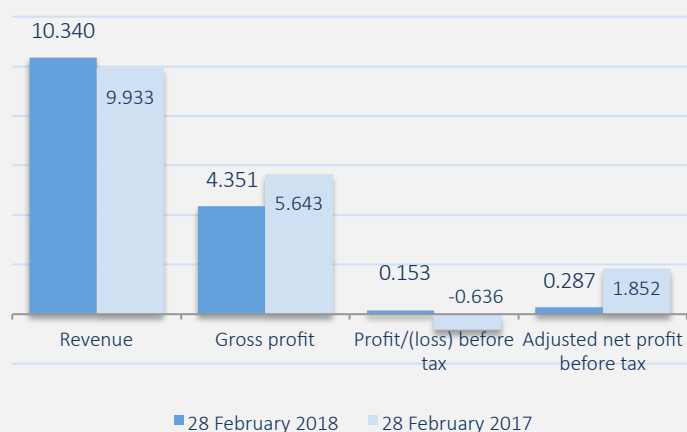
DECREASE IN GROSS PROFIT

The decrease in gross profit was due to the decrease in the Group's major revenue contributor, **Simplicity**.

ADJUSTED PROFIT BEFORE TAX

DIVIDEND

	Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$
Revenue	10,340,150	9,932,863
Gross profit	4,351,428	5,643,423
Profit/(loss) before tax	153,041	(635,663)
Adjusted profit before tax	286,544	1,851,720



Adjusted profit before tax was arrived at after excluding share based expense of S\$0.13 million (28 February 2017: S\$0.27 million) and listing expenses of S\$ Nil (28 February 2017: S\$2.21 million). The Group invested heavily in sales and marketing activities and events during the Reporting Period in anticipation of **TESSERACT** and **Mybill** launch in the next financial year.

The Board has not declared the payment of dividend for the nine months ended 28 February 2018.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 28 February		Nine months ended 28 February	
		2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
Revenue	4	4,997,819	5,383,075	10,340,150	9,932,863
Cost of sales		(3,285,105)	(2,315,397)	(5,988,722)	(4,289,440)
Gross profit		1,712,714	3,067,678	4,351,428	5,643,423
Other revenue	5	1,130	-	28,163	28,718
Other gains and losses	6	(59,235)	(273,703)	(163,440)	(330,525)
Marketing and other operating expenses		(392,218)	(372,895)	(1,180,980)	(881,237)
Administrative expenses		(1,022,856)	(926,094)	(2,772,199)	(2,798,150)
Research and development costs		(33,860)	(32,992)	(109,931)	(82,946)
Listing expenses		-	(219,617)	-	(2,214,059)
Finance costs		-	-	-	(887)
Profit/(loss) before income tax	7	205,675	1,242,377	153,041	(635,663)
Income tax expense	8	95	45	(16,030)	(3,886)
Profit/(loss) for the period		205,770	1,242,422	137,011	(639,549)
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		6,662	(3,285)	19,670	18,649
Total comprehensive income for the period		212,432	1,239,137	156,681	(620,900)
Profit/(loss) for the period attributable to:					
Owners of the Company		205,770	1,242,422	137,011	(639,549)
Non-controlling interests		-	-	-	-
Total comprehensive income for the period attributable to:					
Owners of the Company		212,432	1,239,137	156,681	(620,900)
Non-controlling interests		-	-	-	-
Earnings/(Loss) per share attributable to owners of the Company:				Singapore cents	Singapore cents
Basic	10			0.03	(0.16)
Diluted	10			0.03	(0.16)

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
Profit for the period	-	-	-	-	-	137,011	137,011
Other comprehensive income	-	-	-	-	19,670	-	19,670
Total comprehensive income	-	-	-	-	19,670	137,011	156,681
Recognition of share-based payment expenses	-	-	-	133,503	-	-	133,503
At 28 February 2018 (unaudited)	20,756,598	-	(1,376,024)	1,252,428	84,992	(3,039,216)	17,678,778
At 1 June 2016 (audited)	10,000	6,955,000	-	756,707	48,460	44,817	7,814,984
Loss for the period	-	-	-	-	-	(639,549)	(639,549)
Other comprehensive income	-	-	-	-	18,649	-	18,649
Total comprehensive income	-	-	-	-	18,649	(639,549)	(620,900)
Issuance of Preference Shares	-	34,998	-	-	-	-	34,998
Cancellation of warrants	-	-	-	-	-	(897,000)	(897,000)
Issuance of ordinary shares upon conversion of preference shares	6,989,998	(6,989,998)	-	-	-	-	-
Share issuance of 100,000,000 by way of placing	13,756,600	-	-	-	-	-	13,756,600
Share issuance expense	-	-	(1,297,014)	-	-	-	(1,297,014)
Recognition of share-based payment expenses	-	-	-	273,324	-	-	273,324
At 28 February 2017 (unaudited)	20,756,598	-	(1,297,014)	1,030,031	67,109	(1,491,732)	19,064,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The issued 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 comprehensive income and the condensed consolidated statement of changes in equity of the Group for the nine months ended 28 February 2018, as well as a summary of significant accounting policies and other explanatory information (the “**Third Quarterly Financial Statements**”) were approved for issue by the Board on 9 April 2018.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Third Quarterly 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 Third Quarterly Financial Statements have been prepared under the historical cost basis.

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

The Third Quarterly 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	Nine months ended 28 February							
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
Revenue from external customers	5,977,490	7,649,571	4,358,670	2,283,132	3,990	160	10,340,150	9,932,863
Gross profit/(loss)	3,284,246	5,032,424	1,077,727	621,855	(10,545)	(10,856)	4,351,428	5,643,423
Depreciation and amortisation	358,524	419,874	56,656	123,453	9,646	9,646	424,826	552,973
Write-down of inventories	-	-	(5,051)	8,483	-	-	(5,051)	8,483
Reportable segment profit/(loss) before income tax	2,681,937	4,681,897	439,463	(35,640)	(11,499)	(12,432)	3,109,901	4,633,825

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT REPORTING (Continued)

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

	Three months ended 28 February		Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
Profit/(loss) before income tax				
Reportable segment profit	1,305,217	2,659,366	3,109,901	4,633,825
Other revenue	1,014	-	27,954	20,439
Other gains and losses	(61,540)	(272,738)	(168,490)	(322,043)
Finance costs	-	-	-	(887)
Unallocated expenses				
- Staff costs	(496,442)	(369,163)	(1,367,873)	(1,352,776)
- Share-based payments	(43,127)	(89,322)	(133,503)	(273,324)
- Rental expenses	(184,563)	(174,968)	(548,450)	(525,655)
- Listing expenses	(164,679)	(115,885)	(354,759)	(149,070)
- Legal and professional fees	-	(301,394)	-	(2,214,059)
- Others	(150,205)	(93,519)	(411,739)	(452,113)
Consolidated profit/(loss) before income tax	205,675	1,242,377	153,041	(635,663)

(c) Geographical information

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

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

	Three months ended 28 February		Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
Revenue from external customers				
Singapore	4,937,846	5,222,997	9,989,900	9,487,853
Malaysia	46,597	25,689	199,990	225,366
Others	13,376	134,389	150,260	219,644
	4,997,819	5,383,075	10,340,150	9,932,863

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE

	Three months ended 28 February		Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
	Project income	4,385,630	4,749,496	8,339,249
Recurring service income	601,474	625,784	1,969,956	1,834,329
Rental income	10,715	7,795	30,945	15,915
	4,997,819	5,383,075	10,340,150	9,932,863

5. OTHER REVENUE

	Three months ended 28 February		Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
	Government grants	-	-	25,193
Interest income	833	-	2,330	-
Others	297	-	640	4,038
	1,130	-	28,163	28,718

6. OTHER GAINS AND LOSSES

	Three months ended 28 February		Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$	2018 (unaudited) S\$	2017 (unaudited) S\$
	Net exchange loss	61,540	272,737	168,490
Write-down of inventories	(2,305)	966	(5,050)	8,483
	59,235	273,703	163,440	330,525

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 28 February		Nine months ended 28 February	
	2018	2017	2018	2017
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Staff costs (including directors' emoluments)				
Salaries and allowances	1,853,336	1,467,006	5,403,673	4,287,989
Contributions to defined contribution retirement plans	158,019	129,684	452,680	407,485
Share-based payments	43,127	89,322	133,503	273,324
	2,054,482	1,686,012	5,989,856	4,968,798
Less: amount capitalised as intangible assets	(320,284)	(230,490)	(1,251,502)	(714,122)
	1,734,198	1,455,522	4,738,354	4,254,676
Auditor's remuneration	21	-	9,979	25,874
Depreciation of property, plant and equipment	33,626	73,061	130,594	206,212
Amortisation of intangible assets	137,656	146,422	412,970	505,214
Listing expenses	-	219,277	-	2,214,059
Write-down of inventories	(2,305)	966	(5,050)	8,483

8. INCOME TAX EXPENSE

	Three months ended 28 February		Nine months ended 28 February	
	2018	2017	2018	2017
	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$	(unaudited) S\$
Current tax	(89)	(45)	15,034	3,886
Deferred tax	(6)	-	996	-
	(95)	(45)	16,030	3,886

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 nine months ended 28 February 2018 and 27 February 2017.

9. DIVIDEND

The Board has not declared the payment of dividend for the nine months ended 28 February 2018 (28 February 2017: S\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS/(LOSS) PER SHARE

For the nine months ended 28 February 2018, the basic and diluted earnings per share of the Company was S\$0.03 cent. The calculation is based on the profit attributable to the owners of the Company of S\$137,011 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 nine months ended 28 February 2017, the basic and diluted loss per share of the Company was S\$0.16 cent. The calculation is based on the loss attributable to the owners of the Company of S\$639,549 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.




11. ISSUED 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 28 February 2018 (unaudited)	399,158,496	20,756,598

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. SIMPLICITY

	Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$
 TOTAL SIMPLICITY REVENUE	5,977,490	7,649,571
 SIMPLICITY PROJECT REVENUE	4,182,910	5,908,411
 SIMPLICITY RECURRING SERVICE REVENUE	1,794,580	1,741,160

↓ 21.9%

TOTAL SIMPLICITY REVENUE

↓ 29.2%

SIMPLICITY PROJECT

↑ 3.1%

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.

Engineers and consultants efforts were and will be diverted to complete the Group's new product, **Mybill** revenue assurance portal which is due for full launch in June 2018. Sales and marketing efforts have been and will be concentrated on the launch of **Starlight's** new product, **TESSERACT**, which is due for full scale launch in July 2018. Management's time has also been heavily spent on the new joint venture to enter PRC market. The diversion of both manpower and sales resulted in the temporary decrease in **Simplicity's** revenue.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

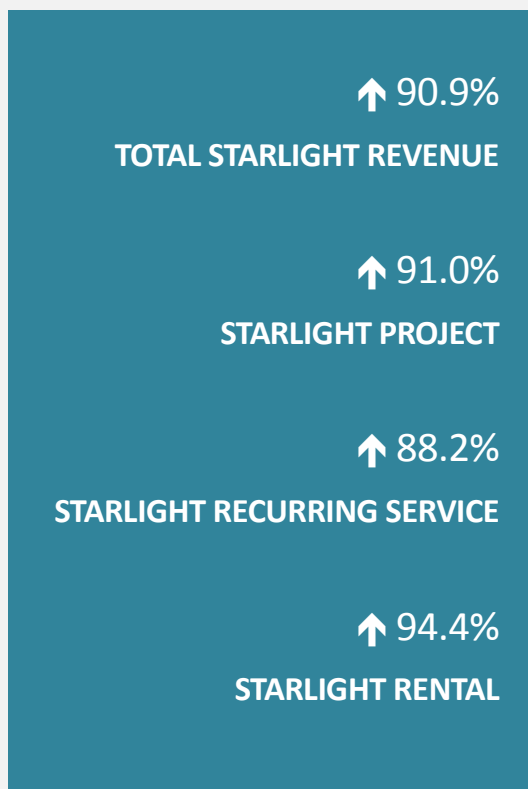
2. STARLIGHT

	Nine months ended 28 February	
	2018 (unaudited) S\$	2017 (unaudited) S\$
TOTAL STARLIGHT REVENUE	4,358,670	2,283,132
STARLIGHT PROJECT REVENUE	4,152,349	2,174,048
STARLIGHT RECURRING SERVICE REVENUE	175,376	93,169
STARLIGHT RENTAL REVENUE	30,945	15,915

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 to increase in market share. Aggressive sales and marketing efforts as well as launch events have been carried out to actively promote **Starlight**.

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



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

3. SPACEMONSTER



↑ 2,394%

SPACEMONSTER REVENUE

S\$3,990

For nine months ended 28 February 2018

S\$160

For nine months ended 28 February 2017

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

The Group has two major new products which are currently in final stage of development.

Mybill is a cloud-based platform providing full-featured revenue assurance services for energy retailers. Singapore is liberalising its retail electricity market where small businesses and households (“Contestable Consumers”) can choose to buy electricity from any electricity retailers. The liberalisation for households will start in April 2018 as a soft launch of open electricity market in certain areas in Singapore. Full-scale liberalisation for households is expected to happen in the second half of 2018. There are approximately 1.3 million Contestable household Consumers in Singapore. **Mybill** is designed to allow energy retailers the flexibility and ease in generating automatic monthly billing to a tune of one million bills per month. Powered by the Group’s market leading Simplicity® business software, **Mybill**’s powerful engines support the core functions of billing, collection, meter data management and customer relationship management. **Mybill** will be launched on a pay-per-use basis where a fee is charged for every bill generated. Due to the attractive business model in which the retailer’s interests are fully aligned with the Company’s, a number of energy retailers have already signed up for **Mybill**.

The second major product is Starlight’s **TESSERACT**, our revolutionary Internet-of-Things device for ultra-smart metering. Immensely more powerful than any other smart meters in the world, the **TESSERACT** revolutionises the utility and energy efficiency market by introducing cost effective edge-computing capabilities to the electricity market never before seen by the world. For example, non-intrusive load monitoring, software-based demand response and interruptible load programs, low cost early fault detection, as well as secure sharing economy for electricity using blockchain technology. After obtaining all the necessary type approvals in the last quarter, **TESSERACT** is now in prototyping phase. Full scale launch is expected in June 2018.

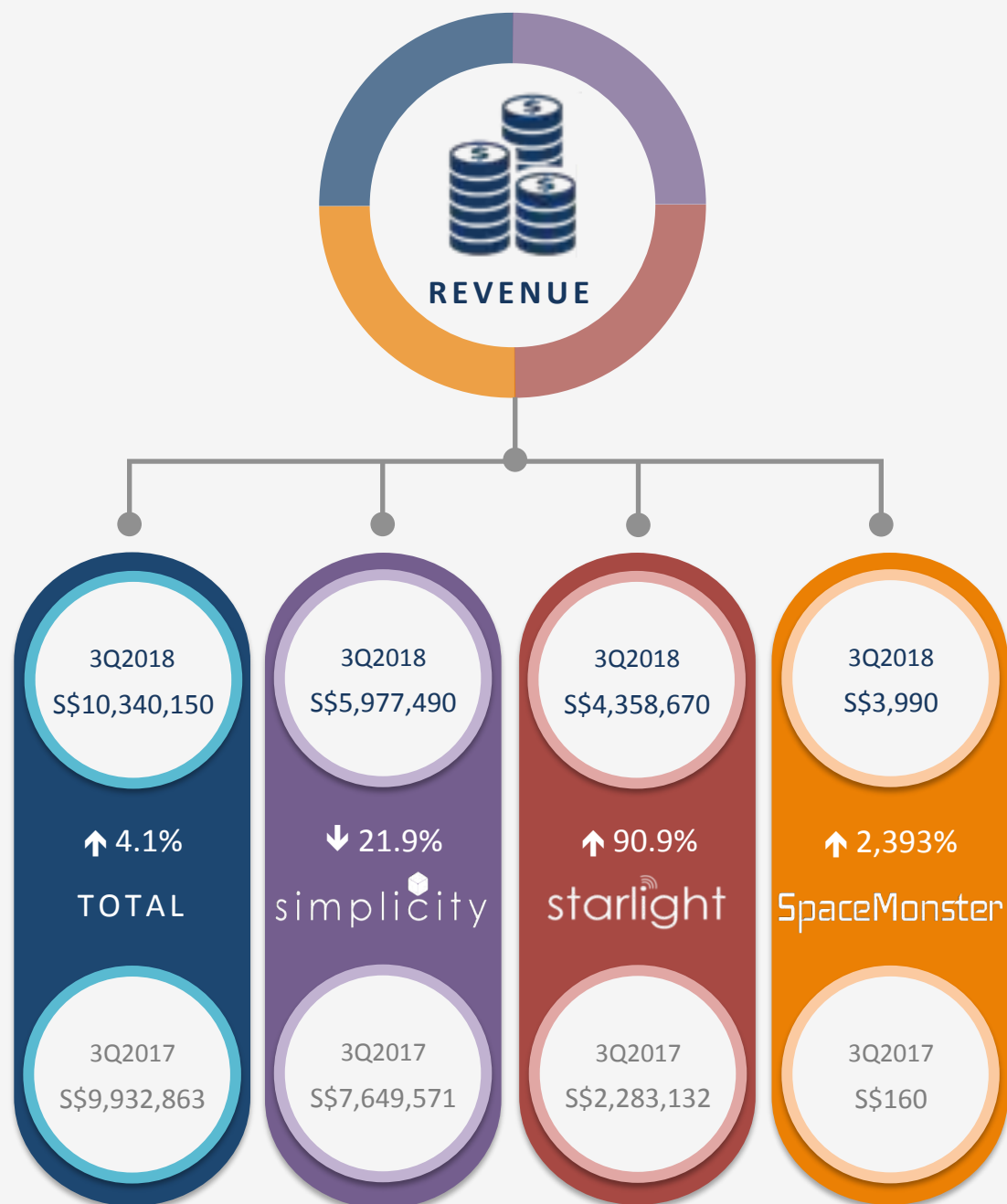
The Company has also signed a Memorandum of Understanding with a PRC partner – township developer Enjoytown Holdings – to set up a Joint Venture (“JV”) in Hangzhou, Zhejiang Province, the PRC. The objective of the JV, fully focused on the PRC market, is threefold: (1) to take advantage of the rapid urbanisation of the PRC and mass proliferation of satellite towns and venture into Smart City and Smart Township market with Simplicity® business software, (2) to take advantage of the PRC’s growing focus on energy efficiency and green technologies, and venture into Smart Energy market, and (3) to provide high quality Research & Development resources for the Company’s continued product development. The JV is expected to commence operations by June 2018.

FUTURE PROSPECT AND OUTLOOK

SpaceMonster has continued to gain traction. The current strategy is to target commercial real estate and government agencies to board SpaceMonster online portal. A growing number of commercial real estates have placed their meeting facilities in **SpaceMonster** online portal. The number of venues has therefore continued to increase and so have the number of booking transactions. **SpaceMonster** has been selected as the platform for the Government Technology Agency of Singapore (“GovTech”) initiative for venue sharing among 90 government agencies. The Group is currently in the process of rolling-out the online portal for the government agencies and boarding their many facilities in the portal. The next phase of **SpaceMonster**’s growth is to launch nation-wide marketing activities to attract businesses with under-utilised facilities to put their facilities in **SpaceMonster** online portal. The final phase of SpaceMonster’s growth will be its introduction to overseas market. The Group is confident that **SpaceMonster** will continue to grow in the foreseeable future.

FINANCIAL REVIEW

REVENUE



Revenue growth during the Reporting Period was significantly lesser than the 22.3% achieved during the third quarter of financial year 2017 because our staff and management were focusing on the completion of two new products and the set up of a joint venture in the PRC. The Group will launch two new products, **Mybill** revenue assurance portal and **Starlight's TESSERACT**, an advanced Internet of Things smart metering running on blockchain technology. **Mybill** will be launched in June 2018 and **TESSERACT** will be launched in July 2018. Detailed analysis of each business unit's revenue is discussed in the preceding Business Review section.

SALARIES

		3Q2018 S\$	3Q2017 S\$
Simplicity	11.0% ↑	1,730,460	1,558,353
Starlight	147.0% ↑	433,887	175,694
SpaceMonster	912.2% ↑	3,644	360
Total	25.0% ↑	2,167,991	1,734,407

Starlight manpower increased in line with revenue growth. Increased technical support for **SpaceMonster** was due to much higher transactions volume. **Simplicity** staff cost increase was attributable to slight remuneration increase.

PROFESSIONAL FEES

		3Q2018 S\$	3Q2017 S\$
Simplicity	55.9% ↑	379,729	243,550
Starlight	23.2% ↑	1,317,201	1,068,819
Total	29.3% ↑	1,696,930	1,312,369

Professional fees included electrical contractors for **Starlight** projects. In line with **Starlight's** revenue growth, third party contractor cost has increased.

External technical advisors were required for a certain **Simplicity** project whose fees resulted in the increased professional fees for **Simplicity**.

AMORTISATION

		3Q2018 S\$	3Q2017 S\$
Simplicity	14.6% ↓	358,524	419,874
Starlight	40.8% ↓	44,800	75,694
SpaceMonster	-	9,646	9,646
Total	18.3% ↓	412,970	505,214

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

FINANCIAL REVIEW

COST OF SALES

		3Q2018 S\$	3Q2017 S\$
Simplicity	2.9% ↑	2,693,244	2,617,147
Starlight	97.5% ↑	3,280,943	1,661,277
SpaceMonster	31.9% ↑	14,535	11,016
Total	39.6% ↑	5,988,722	4,289,440

SYSTEM FEE

		3Q2018 S\$	3Q2017 S\$
Simplicity	49.4% ↓	195,799	386,733
Starlight	352.3% ↑	1,475,738	326,302
Total	134.4% ↑	1,671,537	713,035

System fees increased because **Starlight** has secured bigger projects which required much hardware and third party licences required for **Simplicity** project which resulted the decrease in system fee for **Simplicity**.

FINANCIAL REVIEW

GROSS PROFIT



	3Q2018	3Q2018	3Q2018	3Q2018
Gross Profit	S\$3,284,246	S\$1,077,727	(S\$10,545)	S\$4,351,428
%	54.9%	24.7%	(264%)	42.1%

	3Q2017	3Q2017	3Q2017	3Q2017
Gross Profit	S\$5,032,424	S\$621,855	(S\$10,856)	S\$5,643,423
%	65.8%	27.2%	(6,785%)	56.8%

Decrease in Simplicity's gross profit was due to increased third party costs as previously discussed.

Starlight gross profit has increased as a direct result of higher revenue.

SpaceMonster cost of sales has increased slightly due to minor enhancement work and increased technical assistance to support higher transactions volume.

A 96% increase in revenue has reduced SpaceMonster's gross loss.

Simplicity, being the major contributor of the Group's gross profit, has approximately S\$1.7 million decrease in revenue resulting in overall decrease of the Group's gross profit.

FINANCIAL REVIEW

MARKETING & OTHER EXPENSES

↑ 34.0%

↑ S\$299,743

The increase in marketing & other expenses is primarily due to the additions of 4 headcounts 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** and participation in general trade exhibitions such as BEX Asia in Singapore and iGEM in Malaysia.

ADMINISTRATIVE EXPENSES

↓ 0.9%

↓ S\$25,951

Administrative expenses decreased because of lower depreciation, share based payment and payment of bonus to 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.

R&D COSTS

↑ 32.5%

↑ S\$26,985

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

FINANCE COSTS

↓ 100%

↓ S\$887

There was no finance cost during the Reporting Period (28 February 2017: 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 (28 February 2017: S\$Nil).

NET PROFIT BEFORE TAX FOR THE PERIOD

↑ S\$788,704

The Group had S\$153,041 in profit before tax as compared to a loss of S\$635,663 for the nine months ended 28 February 2017. The moderate profit was attributable to non-recurring listing expenses and a moderate decrease in administrative expenses as discussed above. During the Reporting Period, the Group recorded a net exchange loss of S\$146,869 (28 February 2017: S\$290,744) which was mainly attributable to translation of bank balance denominated in Hong Kong dollars.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 28 February 2018, 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/ Chief Executive	Capacity / Nature of interests	Number of Shares / underlying Shares interested	Total interests	Approximate percentage of the Company's issued shares ⁽⁴⁾
Mr. Lau E Choon Alex ("Mr. Lau")	Beneficial interest	45,500,000	50,469,783 ⁽¹⁾	12.64%
	Beneficial interest	4,969,783 ⁽³⁾		
Mr. Ong Swee Heng ("Mr. Ong")	Beneficial interest	22,750,000	27,719,783 ⁽²⁾	6.94%
	Beneficial interest	4,969,783 ⁽³⁾		

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife 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 wife 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 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 2018, without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.

Save as disclosed above, as at 28 February 2018, 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 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.

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, whichever is earlier. The following table sets out the details of the share options under the Pre-IPO Share Option Schemes granted to the Directors as at 28 February 2018:

Name of Directors	Exercise price per Share	Number of underlying Shares comprised in the Pre-IPO share options	Date of grant	Approximate percentage of the Company's issued shares ⁽⁴⁾
Mr. Lau ⁽¹⁾	Approximately S\$0.01	4,969,783 ⁽³⁾	10 March 2010	1.25%
Mr. Ong ⁽²⁾	Approximately S\$0.01	4,969,783 ⁽³⁾	10 March 2010	1.25%

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's wife 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 wife 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 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 2018, 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 28 February 2018, so far as is known to the Directors, the following persons/entities (other than the Directors or the chief executives of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

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 interests	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of Company's issued shares ⁽⁸⁾
iGlobe Platinum Fund Limited ⁽¹⁾	Beneficial interest	82,326,335	-	82,326,335	20.62%
Ng Yen Yen ⁽²⁾	Interest of spouse	45,500,000	4,969,783	50,469,783	12.64%
BAF Spectrum Pte. Ltd. ⁽³⁾	Beneficial interest	39,565,162	-	39,565,162	9.91%
Majuven Fund 1 Ltd. ⁽⁴⁾	Beneficial interest	36,528,219	-	36,528,219	9.15%
Lim Lay Hong ⁽⁵⁾	Interest of spouse	22,750,000	4,969,783	27,719,783	6.94%
OWW Investments III Limited ⁽⁶⁾	Beneficial interest	20,873,307	-	20,873,307	5.23%
M1 TeliNet Pte. Ltd. ⁽⁷⁾	Beneficial interest	20,259,000	-	20,259,000	5.08%
M1 Limited ⁽⁷⁾	Interest in a controlled corporation	20,259,000	-	20,259,000	5.08%

Notes:

- (1) *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.*
- (2) *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.*
- (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) *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.*
- (5) *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.*

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 28 February 2018 (i.e. 399,158,496 Shares) without taking into account the Shares to be issued upon exercise of the Pre-IPO share options.*

Save as disclosed above, as at 28 February 2018, so far as is known by or otherwise notified to the Directors, other corporation or person (other than a Director of the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

Pre-IPO Share Option Schemes

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

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

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

As at 28 February 2018 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 28 February 2018 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 28 February 2018 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 28 February 2018 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 up to the date of this report.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the nine months ended 28 February 2018 (28 February 2017: 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, 9 April 2018.

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** for identification purpose only*