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2017

INTERIM REPORT

Anacle Systems Limited

安科系統有限公司

(Incorporated in the Republic of Singapore with Limited liability)

Stock code : 8353

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

TABLE OF CONTENTS

| | |
|--|----|
| CORPORATE INFORMATION | 4 |
| FINANCIAL HIGHLIGHTS..... | 6 |
| CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME... 7 | |
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 8 |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 9 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS..... | 10 |
| NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS..... | 11 |
| MANAGEMENT DISCUSSION AND ANALYSIS..... | 24 |
| FUTURE PROSPECT AND OUTLOOK | 26 |
| FINANCIAL REVIEW | 27 |
| CORPORATE GOVERNANCE AND OTHER INFORMATION | 32 |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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

Non-Executive Directors

Mr. Lee Suan Hiang (*Chairman*)

Prof. Wong Poh Kam

Mr. Robert Chew

Independent Non-Executive Directors

Mr. Alwi Bin Abdul Hafiz

Mr. Elango Subramanian

Mr. Li Man Wai

BOARD COMMITTEES

Audit Committee

Mr. Li Man Wai (*Chairman*)

Mr. Elango Subramanian

Mr. Robert Chew

Remuneration Committee

Mr. Elango Subramanian (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Prof. Wong Poh Kam

Nomination Committee

Mr. Lee Suan Hiang (*Chairman*)

Mr. Alwi Bin Abdul Hafiz

Mr. Elango Subramanian

COMPLIANCE OFFICER

Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES

Mr. Kwok Siu Man

Ms. Sylvia Sundari Poerwaka

AUTHORISED REPRESENTATIVES

Mr. Lau E Choon Alex

Mr. Ong Swee Heng

AUDITORS

BDO Limited

Certified Public Accountants

25/F, Wing On Centre

111 Connaught Road Central

Hong Kong

COMPLIANCE ADVISER

KGI Capital Asia Limited

41/F, Central Plaza

18 Harbour Road

Wanchai, Hong Kong

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

31/F, 148 Electric Road

North Point

Hong Kong

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1 Fusionopolis View

#08-02 Sandcrawler

Singapore 138577

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

31/F, 148 Electric Road

North Point

Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKER

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

COMPANY WEBSITE

www.anacle.com

GEM STOCK CODE

8353

FINANCIAL HIGHLIGHTS

| | Six months ended 30 November | |
|---------------------------------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Revenue | 4,549,788 | 3,442,548 |
| Gross profit | 2,575,745 | 1,383,399 |
| Loss before tax | (2,775,040) | (807,889) |
| Adjusted net profit/(loss) before tax | 300,744 | (654,268) |

- The Group's total revenue increased by **32.16%** to approximately S\$4.55 million in the six months ended 30 November 2016 from approximately S\$3.44 million in the six-month period ended 30 November 2015.
- The Group's gross profit increased by **86.19%** to approximately S\$2.58 million in the six months ended 30 November 2016 from approximately S\$1.38 million in the six-month period ended 30 November 2015.
- The Group recorded a net loss before tax of approximately S\$2.78 million for the six months ended 30 November 2016 (2015: S\$0.81 million). The net loss for the period was mainly due to the recognition of the one-off listing expenses of approximately S\$1.99 million (2015: S\$Nil), one-off warrant cancellation expense of approximately S\$0.90 million (2015: S\$Nil) and employee share-based payment of approximately S\$0.18 million (2015: S\$0.15 million). For the six months ended 30 November 2016, the Group's adjusted net profit before tax excluding the above was approximately S\$0.3 million (2015: Loss S\$0.65 million).
- The Board does not declare the payment of an interim dividend for the six months ended 30 November 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Six months ended 30 November | |
|---|-------|---------------------------------|----------------------------|
| | | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Revenue | 4 | 4,549,788 | 3,442,548 |
| Cost of sales | | (1,974,043) | (2,059,149) |
| Gross profit | | 2,575,745 | 1,383,399 |
| Other revenue | 5 | 28,718 | 33,905 |
| Other gains and losses | 6 | (56,822) | (37,997) |
| Marketing and other operating expenses | | (508,342) | (277,056) |
| Administrative expenses | | (4,763,498) | (1,154,221) |
| Research and development costs | | (49,954) | (732,422) |
| Finance costs | | (887) | (23,497) |
| Loss before income tax | 7 | (2,775,040) | (807,889) |
| Income tax expense | 8 | (3,931) | (719,142) |
| Loss for the period | | (2,778,971) | (1,527,031) |
| Other comprehensive income | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | 21,934 | 29,806 |
| Total comprehensive income for the period | | (2,757,037) | (1,497,225) |
| Loss per share | | | |
| Basic and diluted (Singapore cents) | 10 | (39.87) cents | (21.92) cents |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
|---|-------|---|---------------------------------|
| | Notes | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 456,622 | 449,475 |
| Intangible assets | 12 | 3,911,055 | 3,613,690 |
| Total non-current assets | | 4,367,677 | 4,063,165 |
| Current assets | | | |
| Trade receivables | 13 | 1,116,148 | 2,230,456 |
| Other receivables, deposits and prepayments | | 452,155 | 469,098 |
| Inventories | | 425,847 | 379,519 |
| Amounts due from customers | | 424,793 | 178,854 |
| Bank balances and cash | | 647,976 | 2,773,551 |
| Total current assets | | 3,066,919 | 6,031,478 |
| Current liabilities | | | |
| Trade payables | 14 | 335,240 | 597,984 |
| Other payables and accruals | | 1,471,264 | 821,003 |
| Amounts due to customers | | - | 99,664 |
| Amount due to a shareholder | | - | 35,200 |
| Provision for warranty | | - | 18,862 |
| Bank borrowing | | - | 38,625 |
| Deferred capital grants | | - | 8,280 |
| Deferred income | | 106,077 | 404,449 |
| Tax payable | | - | 6,345 |
| Total current liabilities | | 1,912,581 | 2,030,412 |
| Net current assets | | 1,154,338 | 4,001,066 |
| Non-current liabilities | | | |
| Bank borrowing | | - | 3,392 |
| Deferred capital grants | | 81,043 | 81,043 |
| Deferred tax liabilities | | 164,025 | 164,812 |
| Total non-current liabilities | | 245,068 | 249,247 |
| NET ASSETS | | 5,276,947 | 7,814,984 |
| Capital and reserves | | | |
| Share capital | 15 | 6,999,998 | 6,965,000 |
| Reserves | | (1,723,051) | 849,984 |
| TOTAL EQUITY | | 5,276,947 | 7,814,984 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Ordinary share capital S\$ | Preference shares S\$ | Share-based compensation reserve* S\$ | Exchange fluctuation reserve* S\$ | (Accumulated losses)/ retained profits* S\$ | Total S\$ |
|---|-------------------------------|--------------------------|--|--------------------------------------|--|------------------|
| At 1 June 2016 (audited) | 10,000 | 6,955,000 | 756,707 | 48,460 | 44,817 | 7,814,984 |
| Loss for the period | - | - | - | - | (2,778,971) | (2,778,971) |
| Other comprehensive income | - | - | - | 21,934 | - | 21,934 |
| Total comprehensive income | - | - | - | 21,934 | (2,778,971) | (2,757,037) |
| Issue of preference shares | - | 34,998 | - | - | - | 34,998 |
| 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 |
| At 1 June 2015 (audited) | 10,000 | 6,955,000 | 554,859 | 14,655 | (2,448,881) | 5,085,633 |
| Loss for the period | - | - | - | - | (1,527,031) | (1,527,031) |
| Other comprehensive income | - | - | - | 29,806 | - | 29,806 |
| Total comprehensive income | - | - | - | 29,806 | (1,527,031) | (1,497,225) |
| Recognition of share-based payment expenses | - | - | 153,621 | - | - | 153,621 |
| At 30 November 2015 (unaudited) | 10,000 | 6,955,000 | 708,480 | 44,461 | (3,975,912) | 3,742,029 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months ended 30 November | |
|--|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Net cash used in operating activities | (1,311,912) | (394,286) |
| Net cash used in investing activities | (800,394) | (116,552) |
| Net cash (used in)/generated from financing activities | (7,907) | 959,455 |
| Net (decrease)/increase in cash and cash equivalents | (2,120,213) | 448,617 |
| Cash and cash equivalents at beginning of period | 2,773,551 | 613,097 |
| Effect of foreign exchange rate changes | (5,362) | (1,489) |
| Cash and cash equivalents at end of period | 647,976 | 1,060,225 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash | 647,976 | 1,060,225 |

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 Company was listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited on 16 December 2016.

The principal activities of the Company and its subsidiaries (collectively the “Group”) are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 November 2016 (the “Interim Financial Statements”) were approved for issue by the board of Directors (the “Board”) on 9 January 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The 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 2016 (the “2016 Financial Statements”) set out in Appendix I to the prospectus of the Company dated 30 November 2016 (the “Prospectus”). The 2016 Financial Statements have been prepared in accordance with the accounting policies that conform to the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). The accounting policies and methods of computation used in the preparation of the consolidated Interim Financial Statements are consistent with those used in the preparation of the 2016 Financial Statements, except that the Group has adopted a number of new or revised IFRSs, which are newly effective for the current period. The adoption of these new or revised IFRSs had no change in significant accounting policies and no significant effect on the financial results of the current period. Also, no prior period adjustment is required.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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

3. SEGMENT REPORTING

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

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

- **Simplicity** – a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management and customer relationship management;
- **Starlight** – a one-stop cloud-based energy management solutions which provides all-time access to the energy profiles of buildings, including information such as energy consumption, power quality, energy analytics and carbon footprint profiles; and
- **SpaceMonster** – an online venue booking platform.

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

(a) Business segments

| | Simplicity | | Starlight | | SpaceMonster | | Total | |
|--|---|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
| | Six months ended 30 November | | | | | | | |
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Revenue from external customers | 3,844,358 | 2,535,933 | 705,270 | 906,439 | 160 | 176 | 4,549,788 | 3,442,548 |
| Gross profit/(loss) | 2,359,430 | 1,453,486 | 223,848 | (62,501) | (7,533) | (7,586) | 2,575,745 | 1,383,399 |
| Depreciation and amortisation | 291,601 | 52,585 | 72,481 | 99,327 | 6,431 | 6,432 | 370,513 | 158,344 |
| Write-down of inventories | - | - | 7,517 | - | - | - | 7,517 | - |
| Reportable segment profit/(loss) before income tax | 2,177,468 | 751,270 | (194,777) | (323,223) | (8,232) | (8,586) | 1,974,459 | 419,461 |
| | As at | | | | | | | |
| | 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
| Reportable segment assets | 3,788,802 | 4,521,821 | 2,429,648 | 2,068,735 | 45,272 | 108,408 | 6,263,722 | 6,698,964 |
| Additions to non-current assets | - | 1,039,038 | 423,036 | 588,355 | - | 56,703 | 423,036 | 1,684,096 |
| Reportable segment liabilities | 157,468 | 467,741 | 410,418 | 832,094 | - | 591 | 567,886 | 1,300,426 |

3. SEGMENT REPORTING (Continued)

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

| | Six months ended | |
|--|--------------------|------------------|
| | 2016 | 2015 |
| | (unaudited) | (unaudited) |
| | S\$ | S\$ |
| Loss before income tax | | |
| Reportable segment profit | 1,974,459 | 419,461 |
| Other revenue | 20,439 | 15,821 |
| Other gains and losses | (49,305) | (38,056) |
| Finance costs | (887) | (23,497) |
| Unallocated expenses: | | |
| - Staff costs | (983,613) | (432,207) |
| - Share-based payments | (184,002) | (153,621) |
| - Rental expenses | (350,687) | (357,314) |
| - Warrant cancellation expense | (897,000) | - |
| - Legal and professional fees | (1,945,850) | (6,079) |
| - Others | (358,594) | (232,397) |
| Consolidated loss before income tax | (2,775,040) | (807,889) |

| | As at | |
|----------------------------------|------------------|-------------------|
| | 30 November 2016 | 31 May 2016 |
| | (unaudited) | (audited) |
| | S\$ | S\$ |
| Assets | | |
| Reportable segment assets | 6,263,722 | 6,698,964 |
| Bank balances and cash | 647,976 | 2,773,551 |
| Property, plant and equipment | 168,596 | 267,826 |
| Unallocated corporate assets | 354,302 | 354,302 |
| Consolidated total assets | 7,434,596 | 10,094,643 |

| | As at | |
|---------------------------------------|------------------|------------------|
| | 30 November 2016 | 31 May 2016 |
| | (unaudited) | (audited) |
| | S\$ | S\$ |
| Liabilities | | |
| Reportable segment liabilities | 567,886 | 1,300,426 |
| Bank borrowing | - | 42,017 |
| Other payables and accruals | 164,025 | 730,859 |
| Unallocated corporate liabilities | 1,425,738 | 206,357 |
| Consolidated total liabilities | 2,157,649 | 2,279,659 |

3. SEGMENT REPORTING (Continued)

(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:

| | Six months ended 30 November | |
|--|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Revenue from external customers | | |
| Singapore | 4,264,856 | 3,277,448 |
| Malaysia | 199,677 | 105,822 |
| Others | 85,255 | 59,278 |
| | 4,549,788 | 3,442,548 |

The following table provides an analysis of the Group's non-current assets other than financial instruments ("Specified non-current assets"):

| | As at | |
|-------------------------------------|--|---------------------------------|
| | 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
| Specified non-current assets | | |
| Singapore | 4,244,924 | 3,987,153 |
| Malaysia | 52,844 | 11,074 |
| India | 69,909 | 64,938 |
| | 4,367,677 | 4,063,165 |

(d) Information about major customer

Revenue from the Group's major customer which accounted for 10% or more of the Group's revenue, is set out below:

| | Six months ended 30 November | |
|------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Customer A | 1,181,157 | 1,610,720 |

4. REVENUE

| | Six months ended 30 November | |
|--------------------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Project income | 3,333,123 | 2,347,653 |
| Recurring service income | 1,208,545 | 1,090,245 |
| Rental income | 8,120 | 4,650 |
| | 4,549,788 | 3,442,548 |

5. OTHER REVENUE

| | Six months ended 30 November | |
|-------------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Government grants | 24,680 | 30,425 |
| Others | 4,038 | 3,480 |
| | 28,718 | 33,905 |

6. OTHER GAINS AND LOSSES

| | Six months ended 30 November | |
|---------------------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Net exchange loss | 49,305 | 37,997 |
| Write-down of inventories | 7,517 | - |
| | 56,822 | 37,997 |

7. LOSS BEFORE INCOME TAX

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

| | Six months ended 30 November | |
|--|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Staff costs (including directors' emoluments) | | |
| Salaries and allowances | 2,820,983 | 2,355,740 |
| Contributions to defined contribution retirement plans | 277,801 | 201,176 |
| Share-based payments | 184,002 | 153,621 |
| | 3,282,786 | 2,710,537 |
| Less: amount capitalised as intangible assets | (483,632) | - |
| | 2,799,154 | 2,710,537 |
| Depreciation of property, plant and equipment | 133,151 | 119,127 |
| Amortisation of intangible assets | 358,792 | 150,631 |
| Write-down of inventories | 7,517 | - |
| Listing expenses | 1,994,782 | - |
| Warrant cancellation expenses | 897,000 | - |

8. INCOME TAX EXPENSE

| | Six months ended 30 November | |
|--------------|------------------------------|----------------------------|
| | 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
| Current tax | 3,931 | - |
| Deferred tax | - | 719,142 |
| Total | 3,931 | 719,142 |

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia and India, the corporate taxes of the Company, Anacle Systems Sdn Bhd and Anacle Systems (India) Private Limited are calculated at 17%, 24% and 30.9% respectively for the six months ended 30 November 2015 and 2016.

9. DIVIDEND

The Directors do not declare the payment of an interim dividend for the six months ended 30 November 2016 (2015: S\$Nil).

10. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 November 2016 is based on the loss attributable to the owners of the Company of S\$2,778,971 (2015: S\$1,527,031), and on the weighted average number of 6,970,515 (2015: 6,965,000) ordinary shares in issue during the period.

The share options and warrants outstanding at the period end 30 November 2015 and 2016 had an anti-dilutive effect on the basic loss per share. Therefore, the basic and diluted loss per share for the six months ended 30 November 2015 and 2016 are the same.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 November 2016, the Group acquired property, plant and equipment of S\$144,236 (for the six months ended 30 November 2015: S\$116,552).

12. INTANGIBLE ASSETS

For the six months ended 30 November 2016, the additional development cost incurred by the Group was S\$656,158 (for the six months ended 30 November 2015: S\$Nil).

13. TRADE RECEIVABLES

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 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
|----------------|---|---------------------------------|
| Within 1 month | 463,993 | 1,381,643 |
| 2 to 3 months | 191,151 | 743,802 |
| 4 to 6 months | 301,542 | 96,768 |
| 7 to 12 months | 159,462 | 8,243 |
| | 1,116,148 | 2,230,456 |

As at the date of the report the Group has recovered the majority of the trade receivables balances that are more than seven months since invoice date.

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 reporting period is as follows:

| | As at 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
|----------------|---|---------------------------------|
| Within 1 month | 134,306 | 338,246 |
| 2 to 3 months | 65,213 | 201,173 |
| 4 to 6 months | 55,570 | 39,219 |
| 7 to 12 months | 71,109 | 10,267 |
| Over 12 months | 9,042 | 9,079 |
| | 335,240 | 597,984 |

15. SHARE CAPITAL

| | 30 November 2016 (unaudited) Number | 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) Number | 31 May 2016 (audited) S\$ |
|--|--|---|---------------------------------------|------------------------------------|
| Issued and fully paid | | | | |
| Ordinary shares | 1,000,000 | 10,000 | 1,000,000 | 10,000 |
| Series A convertible preference shares | 300,000 | 300,000 | 300,000 | 300,000 |
| Series B convertible preference shares | 434,782 | 499,999 | 434,782 | 499,999 |
| Series C convertible preference shares | 722,823 | 1,125,002 | 722,823 | 1,125,002 |
| Series D convertible preference shares ^(Note) | 829,851 | 5,064,997 | 824,117 | 5,029,999 |
| | | 6,999,998 | | 6,965,000 |

Note: On 7 June 2016, 5,734 Series D Preference shares were issued to iGlobe Platinum Fund Limited upon the exercise of the first tranche of warrants at a paid consideration of S\$34,998.

16. SHARE-BASED PAYMENTS

On 10 March 2010, the Board approved a share option plan (the "2010 Plan") and adopted it on the same date 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.

On 16 December 2013, the Board approved a share option plan (the "2013 Plan") and adopted it on the same date. The 2013 Plan has the same purpose and terms and conditions as those of the 2010 Plan.

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. The options are exercisable once the vesting conditions are met.

Details of the outstanding share options under 2010 Plan are as follows:

| | 30 November 2016 (unaudited) Number | Weighted average exercise price S\$ | 31 May 2016 (audited) Number | Weighted average exercise price S\$ |
|------------------------------------|--|---|------------------------------------|---|
| Balance at beginning of the period | 268,067 | 0.85 | 268,067 | 0.85 |
| Granted during the period | 5,000 | 0.85 | - | - |
| Balance at end of period | 273,067 | 0.85 | 268,067 | 0.85 |

Details of the outstanding share options under 2013 Plan are as follows:

| | 30 November 2016 (unaudited) Number | Weighted average exercise price S\$ | 31 May 2016 (audited) Number | Weighted average exercise price S\$ |
|------------------------------------|--|---|------------------------------------|---|
| Balance at beginning of the period | - | - | - | - |
| Granted during the period | 91,569 | 6.10 | - | - |
| Forfeited during the period | (22,000) | 6.10 | - | - |
| Balance at end of period | 69,569 | 6.10 | - | - |

16. SHARE-BASED PAYMENTS (Continued)

The movements in the number of share options under the Plans are as follows:

| Category of participant | Date of grant | Number of shares issuable under share option | | | | | At end of the period | Exercise price |
|-------------------------|---------------|--|---------------------------|-----------------------------|-----------------------------|--------------------------|----------------------|----------------|
| | | At beginning of the year | Granted during the period | Exercised during the period | Forfeited during the period | Lapsed during the period | | |
| Directors | 10 Mar 2010 | 109,226 | - | - | - | - | 109,226 | 0.85 |
| Employees | 10 Mar 2010 | 27,307 | | | | | 27,307 | 0.85 |
| | 1 Jun 2013 | 60,000 | | | | | 60,000 | 0.85 |
| | 1 Aug 2013 | 41,534 | | | | | 41,534 | 0.85 |
| | 1 May 2015 | 30,000 | | | | | 30,000 | 0.85 |
| | 1 Jun 2016 | - | 5,000 | - | - | - | 5,000 | 0.85 |
| | 1 Jun 2016 | - | 91,569 | - | (22,000) | - | 69,569 | 6.10 |
| Subtotal | | 158,841 | 96,569 | - | (22,000) | - | 233,410 | |
| Total | | 268,067 | 96,569 | - | (22,000) | - | 342,636 | |

17. OPERATING LEASE ARRANGEMENTS

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. The total of the Group's future minimum lease payments payable under non-cancellable operating leases is as follows:

| | As at 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
|---|---|---------------------------------|
| Within one year | 1,146,736 | 707,349 |
| In the second to fifth years, inclusive | 1,379,807 | 116,646 |
| | 2,526,543 | 823,995 |

17. OPERATING LEASE ARRANGEMENTS (Continued)

As lessor

Operating lease payments receivable represent rentals receivable by leasing the **Starlight** meters. The leases are negotiated for a term of two years at fixed rentals. The total of the Group's future minimum lease payments receivable under non-cancellable operating leases is as follows:

| | As at 30 November 2016 (unaudited) S\$ | 31 May 2016 (audited) S\$ |
|---|---|---------------------------------|
| Within one year | 16,050 | 14,010 |
| In the second to fifth years, inclusive | 5,395 | 2,955 |
| | 21,445 | 16,965 |

18. RELATED PARTY TRANSACTIONS

(a) The Group entered into the following significant transactions with related parties.

| | Six months ended 30 November 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
|--|--|----------------------------|
| Group | | |
| Payment for warrant cancellation to shareholders | 897,000 | - |
| Payment of interest to shareholders | 20,000 | - |

(b) Compensation of key management personnel

| | Six months ended 30 November 2016 (unaudited) S\$ | 2015 (unaudited) S\$ |
|---|--|----------------------------|
| Remuneration of directors and other members of key management | | |
| Salaries, allowances and benefits in kind | 520,825 | 362,168 |
| Share-based payments | 119,894 | 87,176 |
| Contributions on defined contribution retirement plan | 45,623 | 30,600 |
| | 686,342 | 479,944 |

19. SUBSEQUENT EVENTS

In connection with the listing of shares of the Company (the "Listing") on the GEM of the Stock Exchange of Hong Kong Limited on 16 December 2016 (the "Listing Date"), 100,000,000 shares of the Company were issued at an issue price of HK\$0.74 by way of placing (the "Placing").

The net proceeds to be received by the Company from the Placing, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK\$53.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

BUSINESS REVIEW

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

1. SIMPLICITY

Revenue from **Simplicity** amounted to approximately S\$3.84 million and S\$2.54 million for the six months ended 30 November 2016 and 2015 respectively. Majority of the revenue is derived from project-based delivery of enterprise application software solutions based on the **Simplicity** software.

2. STARLIGHT

Revenue from **Starlight** amounted to approximately S\$0.71 million and S\$0.91 million for the six months ended 30 November 2016 and 2015 respectively. Majority of the revenue is derived from project-based delivery of energy management solutions based on the **Starlight** solution.

MANAGEMENT DISCUSSION AND ANALYSIS

3. SPACEMONSTER

SpaceMonster is still under trial launch for the six months ended 30 November 2016, and so had not recorded significant revenue. The full launch is expected after listing of the Group.

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 system remain robust and are expected to grow throughout 2017. The Directors are optimistic about the Group's growth in the new year.

The Group was successfully listed on the GEM on 16 December 2016. The listing proceeds have strengthened the Group's cash position and the Group will implement its future plans according to the use of proceeds set out in the Company's prospectus dated 30 November 2016.

FINANCIAL REVIEW

REVENUE

Revenue for the group for the six months ended 30 November 2016 increased by approximately **32.16%** to S\$4,549,788 from S\$3,442,548 for the six months ended 30 November 2015.

The increase in the revenue was attributed to an approximately **51.60%** increase in **Simplicity** revenue to S\$3,844,358 for the six months ended 30 November 2016 from S\$2,535,933 for the six months ended 30 November 2015. Revenue from **Starlight** decreased by approximately **(22.19%)** from S\$906,439 for the six months ended 30 November 2015 to S\$705,270 for the six months ended 30 November 2016. Revenue from **SpaceMonster** decreased by approximately **(9.09%)** from S\$176 for the six months ended 30 November 2015 to S\$160 for the six months ended 30 November 2016.

Project based revenue of **Simplicity** increased significantly by approximately **85.13%** to S\$2,681,367 for the six months ended 30 November 2016 from S\$1,448,339 for the six months ended 30 November 2015. Recurring services revenue of **Simplicity** had a moderate increase of approximately **6.93%** to S\$1,162,991 for the six months ended 30 November 2016 from S\$1,087,594 for the six months ended 30 November 2015. The significant increase in project based revenue was attributed to new high value **Simplicity** projects awarded during the six months ended 30 November 2016.

Recurring services revenue of **Starlight** increased significantly by approximately **1,618.37%** to S\$45,554 for the six months ended 30 November 2016 from S\$2,651 for the six months ended 30 November 2015. The increase was attributed primarily by commencement of support services for previously deployed **Starlight** solutions to customers. Rental revenue of **Starlight** increased significantly by approximately **74.62%** to S\$8,120 for the six months ended 30 November 2016 from S\$4,650 for the six months ended 30 November 2015. The increase was primarily attributed to new implementations of Starlight solution under leasing model. The significant increase in recurring services and rental revenue of **Starlight** was offset by the decrease in project based revenue of approximately **(27.53%)** from S\$899,138 for the six months ended 30 November 2015 to S\$651,596 for the six months ended 30 November 2016. The decrease was primarily attributed to a delay in the award of a major **Starlight** project.

COST OF SALES

Cost of sales for the Group decreased slightly by approximately **(4.13%)** from S\$2,059,149 for the six months ended 30 November 2015 to S\$1,974,043 for the six months ended 30 November 2016.

Staff salaries remained the major component of cost of sales. It represented approximately 55.62% and 51.49% of the total cost of sales for the six months ended 30 November 2016 and 30 November 2015, respectively. Professional fees and system fee, which includes hardware and licenses, represented approximately 25.62% and 40.90% of the total cost of sales for the six months ended 30 November 2016 and 30 November 2015, respectively. Amortisation of product development accounted for approximately 18.18% and 7.32% of the total cost of sales for the six months ended 30 November 2016 and 30 November 2015, respectively.

FINANCIAL REVIEW

COST OF SALES (Continued)

The increase in cost of sales for the Group was mainly attributed by an increase of **Simplicity** cost of sales by approximately **37.18%** to S\$1,484,928 for the six months ended 30 November 2016 from S\$1,082,447 for the six months ended 30 November 2015. The increase was offset by a decrease in both **Starlight** and **SpaceMonster** cost of sales by approximately **(50.31%)** and **(0.89%)**, respectively. **Starlight** cost of sales decreased from S\$968,940 to S\$481,422 for the six months ended 30 November 2015 and 30 November 2016, respectively. **SpaceMonster** cost of sales decreased from S\$7,762 to S\$7,693 for the six months ended 30 November 2015 and 30 November 2016, respectively.

The increase in cost of sales for **Simplicity** was mainly attributed by increase in amortisation of approximately **454.53%** to S\$291,601 from S\$52,585 for the six months ended 30 November 2016 and 30 November 2015, respectively. The increase was attributed by additional amortisation of new version of **Simplicity**, which generated its first dollar of revenue during the six months ended 30 November 2016. System fee which included hardware and licences increased by approximately **46.38%** to S\$136,628 from S\$93,338 for the six months ended 30 November 2016 and 30 November 2015, respectively. The increase in system fee was due to certain projects requiring the supply of hardware and licences. The increase of approximately **12.41%** in **Simplicity** salary was mainly due to an increase in staff salary and a rate increase in contribution to retirement fund. Travelling cost for **Simplicity** increased to S\$7,622 from S\$441 for the six months ended 30 November 2016 and 30 November 2015, respectively, because of increased overseas project deployments.

The overall decrease in **Starlight** cost of sales was attributed to more efficient project management.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's overall gross profit margin increased significantly by **86.19%** to S\$2,575,745 from S\$1,383,399 for the six months ended 30 November 2016 and 30 November 2015, respectively.

Simplicity gross profit increased by **62.33%** to S\$2,359,430 from S\$1,453,486 for the six months ended 30 November 2016 and 30 November 2015, respectively. **Starlight** had a healthy gross profit of S\$223,848 or **31.74%** for the six months ended 30 November 2016 as compared to a loss of (S\$62,501) or (6.90%) for the six months ended 30 November 2015. **Spacemonster** gross loss remained relatively the same at (S\$7,533) and (S\$7,586) because the Group has yet to formally launch **SpaceMonster**, which is expected to be after the Listing.

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

FINANCIAL REVIEW

ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by approximately S\$3,609,277 or **312.70%** to S\$4,763,498 from S\$1,154,221 for the six months ended 30 November 2016 and 30 November 2015, respectively. The increase was mainly attributed to the recognition of non-recurring listing expenses of approximately S\$1,994,782 (for six months ended 30 November 2015: S\$Nil) and non-recurring warrant cancellation expense of S\$897,000 (for six months ended 30 November 2015: S\$Nil). Warrant cancellation expense was paid in relation to termination and cancellation of the warrants for a bridging loan agreement dated 24 November 2015. The warrants gave the lenders the right to subscribe for 98,304 series D preference shares of the Company within five years after 24 August 2015. On 4 October 2016, the warrants were irrevocably cancelled and terminated in consideration for a compensation of S\$897,000. The total salaries under administrative expense increased by S\$621,729 or 141.42% to S\$1,061,347 from S\$439,618 for the six months ended 30 November 2016 and 30 November 2015. The increase was primarily due to a payment of bonus and a general increase of salary.

FINANCE COSTS

Finance cost decreased significantly to S\$887 from S\$23,497 for the six months ended 30 November 2016 and 30 November 2015, respectively. The Group repaid all of its borrowing obligations in August 2016 and the Group has S\$Nil shareholders loan for the six months ended 30 November 2016 (30 November 2015: S\$1,000,000). As a result of the full repayment of both bank and shareholders loans, the finance cost of the Group decreased significantly.

NET LOSS FOR THE PERIOD AND LOSS PER SHARE

The Group incurred net loss of approximately (S\$2,778,971) for the six months ended 30 November 2016 as compared to net loss of approximately (S\$1,527,031) for the six months ended 30 November 2015. The net loss for the period was mainly due to the recognition of non-recurring listing expenses of approximately S\$1,994,782 for the six months ended 30 November 2016 (for six months ended 30 November 2015: S\$Nil) and non-recurring warrant cancellation expense of S\$897,000 (for six months ended 30 November 2015: S\$Nil). Share-based payments for the six months ended 30 November 2016 was S\$184,002 as compared to S\$153,621 for the six months ended 30 November 2015. Recognition of deferred tax assets as income tax expense amounted to S\$719,141 for the six months ended 30 November 2015 as compared to S\$Nil for the six months ended 30 November 2016. The non-recurring listing and warrant cancellation expenses were partly offset by the increase in gross profit as discussed above.

The Group's net profit before tax and after excluding non-recurring expenses and share-based payment was S\$300,744 as compared to a net loss of (S\$654,268) for the six months ended 30 November 2015.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The 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 2016, the cash and bank balances of the Group was S\$647,976 (as at 31 May 2016: S\$2,773,551). The decrease was primarily attributed to settlement of non-recurring listing and warrant cancellation expenses. The net current assets of the Group was S\$1,154,338 (as at 31 May 2016: S\$4,001,066). 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 respective reporting dates. As at 30 November 2016, 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 2016. Except for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 30 November 2016.

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 2016 (as at 30 November 2015: S\$Nil).

EMPLOYEES AND REMUNERATION POLICY

The Group had 104 employees (including executive Directors) as at 30 November 2016 (as at 31 May 2016: 101 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.

FINANCIAL REVIEW

USE OF PROCEEDS FROM THE PLACING

The net proceeds received by the Company from the placing of 100,000,000 ordinary Shares at a price of HK\$0.74 each on 16 December 2016, after deducting the underwriting fees and other expenses to be borne by the Company, were approximately HKD 53.6 million. As stated in the Prospectus, the Group intends to use the net listing proceeds for the following purposes:

- Approximately 0.8% or HK\$0.4 million (equivalent to approximately S\$0.1 million) of the net proceeds for acquiring and setting up data centre infrastructure;
- Approximately 16.9% or HK\$9.1 million (equivalent to approximately S\$1.7 million) of the net proceeds for enhancing and expanding our product offerings;
- Approximately 22.9% or HK\$12.2 million (equivalent to approximately S\$2.3 million) of the net proceeds for strengthening our sales and marketing efforts, and reinforcing our brand and product images;
- Approximately 23.8% or HK\$12.8 million (equivalent to approximately S\$2.4 million) of the net proceeds for acquiring foreign companies;
- Approximately 29.7% or HK\$15.9 million (equivalent to approximately S\$2.9 million) of the net proceeds for setting up a manufacturing, assembly and testing plant;
- Approximately 5.9% or HK\$3.2 million (equivalent to approximately S\$0.6 million) of the net proceeds for the Group's general working capital.

CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 November 2016.

PLEDGED OF ASSETS

The Group did not have any assets pledged as at 30 November 2016.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the Listing was subsequent to 30 November 2016, the Group has not yet executed its implementation plans as set out in the subsection headed "Implementation Plan" in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The Company will endeavor to achieve its business objectives as stated in the Prospectus.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 November 2016, the Shares were not listed on the GEM. The respective Division 7 and 8 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") were not applicable to the Company.

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

Long Positions in the Shares

| Name of Directors | Capacity/Nature of interest | Number of Shares held | Percentage of shareholding |
|-------------------------------------|-----------------------------|-----------------------|----------------------------|
| Mr. Lau E Choon Alex ("Mr. Lau") | Beneficial interest | 45,500,000 | 11.40% |
| Mr. Ong Swee Heng ("Mr. Ong") | Beneficial interest | 22,750,000 | 5.70% |

Save as disclosed above, as at the date of this report, none of the Directors and the chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

Long Positions in the Underlying Shares

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 the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Long Positions in the Underlying Shares (Continued)

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

Note:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the underlying shares held by Mr. Lau pursuant to the disclosure requirements of the SFO. Ms. Anna Lau Wu You, Ms. Sara Lau Xiao Yu and Mr. Alex Lau Xuan Ye are children under the age of 18 of Mr. Lau and are deemed to be interested in the underlying shares held by Mr. Lau pursuant to the disclosure requirements of the SFO.
- (2) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the underlying shares held by Mr. Ong pursuant to the disclosure requirements of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 November 2016, the Shares were not listed on the GEM. The respective Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company.

As at the date of this report, so far as was known to the Directors, the following persons/entities (other than the Directors or the chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Long Positions in the Shares

| Name of Shareholders | Capacity/Nature of interest | Number of Shares held | Percentage of shareholding |
|---|-----------------------------|-----------------------|----------------------------|
| Ng Yen Yen ⁽¹⁾ | Interest of spouse | 45,500,000 | 11.40% |
| Anna Lau Wu You ⁽²⁾ | Interest of a child | 45,500,000 | 11.40% |
| Sara Lau Xiao Yu ⁽³⁾ | Interest of a child | 45,500,000 | 11.40% |
| Alex Lau Xuan Ye ⁽⁴⁾ | Interest of a child | 45,500,000 | 11.40% |
| Lim Lay Hong ⁽⁵⁾ | Interest of a spouse | 22,750,000 | 5.70% |
| BAF Spectrum Pte. Ltd. ⁽⁶⁾ | Beneficial interest | 39,565,162 | 9.91% |
| iGlobe Platinum Fund Limited ⁽⁷⁾ | Beneficial interest | 82,326,335 | 20.62% |
| Majoven Fund 1 Ltd. ⁽⁸⁾ | Beneficial interest | 36,528,219 | 9.15% |
| OWW Investments III Limited ⁽⁹⁾ | Beneficial interest | 20,873,307 | 5.23% |

Notes:

- (1) Ms. Ng Yen Yen is Mr. Lau's spouse and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (2) Ms. Anna Lau Wu You is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (3) Ms. Sara Lau Xiao Yu is Mr. Lau's daughter under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (4) Mr. Alex Lau Xuan Ye is Mr. Lau's son under the age of 18 and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.
- (5) Ms. Lim Lay Hong is Mr. Ong's spouse and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.
- (6) BAF Spectrum Pte. Ltd. is beneficially owned by Prof Wong Poh Kam, Shah Sanjeev Kumar, Chow Yen Lu Yale, Tan Hong Huat, Hellmut Schutte, William Klippgen, Chua Seng Kiat and five other second-tier investors.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

- (7) *iGlobe Platinum Fund Limited is beneficially owned by Asia Core Properties Inc. Pte. Ltd., Lee Hau Hian, Frank H. Levinson Revocable Living Trust, Gotthard Haug, Harry Harmain Diah, iGlobe Sapphire Pte. Ltd., iGlobe Partners (II) Pte. Ltd., Kepventure Pte. Ltd., Khattar Holdings Private Limited, Liu Lynn Ya-Lin, Melody Investment Holdings Pte. Ltd., Priya-Roshni Private Ltd., Quek Soo Hoon, Tay Thiam Song and Wong Mee Chun. iGlobe Platinum Fund Limited is owned as to approximately 21.1% by iGlobe Sapphire Pte. Ltd., which is in turn beneficially owned by Jean Philippe SARRAUT, HU Xiao Bao, Lee Suan Hiang, Quek Soo Hoon, Quek Soo Boon, Annie Koh, Yong Woon Sui, Koh Hiang Chin Melanie, Philip Yeo Liat Kok, Prof. Wong Poh Kam, Ng Kah Joo and Kitade Kochiro.*
- (8) *Majuven Fund 1 Ltd. is beneficially owned by Singapore Warehouse Company (Private) Ltd., Poems Pte. Ltd., Koh Boon Hwee, Lui Pao Chuen, Chua Sock Koong, Phuay Yong Hen, Lee Hsien Yang, Lim Ho Kee, Lee Ching Yen Stephen, Chow Helen, Chan Wing To, Low Teck Seng, Yoh Chie Lu, Chaly Mah Chee Kheong, Loo Yen Lay Madeleine, Sri Widati Erbawan Putri and Majuven Fund 1 LP.*
- (9) *OWW Investments III Limited is beneficially owned by Wang Zaian, Li Mingding, Zhao Yang, Li Wenli, Pan Chengjie, He Li, Tao Feng, Ying Jiong, Su Jinhua, Zang Yi, YU Hai, Pang Hongmei, Li Shengfa, Li Weiwei, Xian Youwei, Li Ting, Hong Liping, Chen Guilin, Gao Junsong, Zhang Aijun, Wu Jinxiang, Shen Jinlong, Xiao Bin, Yu Rong, Wang Ruihong, Wei Dong, Shi Yuanfeng, Tan Bien Chuan, Kai Wan Chung, Ye Yongqing, Xu Yongrui, Yang Qi, Liang Chengan, Qin Lei, GU Weiping, JIA Bin, Chen Kunsheng, Huang Haidi, Sun Yuxing, Wan Shilong, Huang Renzhu, Anil Kanayalal Thawani, Xu Jiantang, Deng Bingxin, Mao Shizhang, Qian Jun, Yu Zhong, Liu Yang, Wu Wei, Zong Haixiao, Deng Kunlai, Sun Jian, Zhao Shangyang, Wu Xiaoxia and Li Xiaorong.*
- (10) *The percentage of shareholding was calculated based on the Company's total number of issued Shares as at the date of this report (i.e. 399,158,496 Shares).*

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons/entities who/which had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who/which are directly or indirectly interested in 5% or more of the Shares.

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

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

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

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme, which was approved by written resolutions passed by the Shareholders on 24 November 2016. Since the adoption of the Post-IPO Share Option Scheme, no share option has been granted, exercised or cancelled by the Company under the Post-IPO Share Option Scheme and there were no outstanding share options under the Post-IPO Share Option Scheme as at 30 November 2016 and as at the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings upon listing of its shares on the GEM on the Listing Date. Thus, the Required Standard of Dealings was not applicable to the Company during the six months ended 30 November 2016. Nevertheless, the Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings from the Listing Date to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

As the Shares were only listed on the GEM on the Listing Date, the Company did not redeem any of its Shares listed on the GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the six months ended 30 November 2016.

INTERESTS OF THE COMPLIANCE ADVISER

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

CORPORATE GOVERNANCE PRACTICES

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

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

The CG Code was not applicable to the Company for the six months ended 30 November 2016 because the Shares were only listed on the GEM on the Listing Date. To the best knowledge of the Board, the Company has complied with the code provision in the CG Code during the period from the Listing Date to the date of this report.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 November 2016 (2015: S\$Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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

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

Singapore, 9 January 2017