

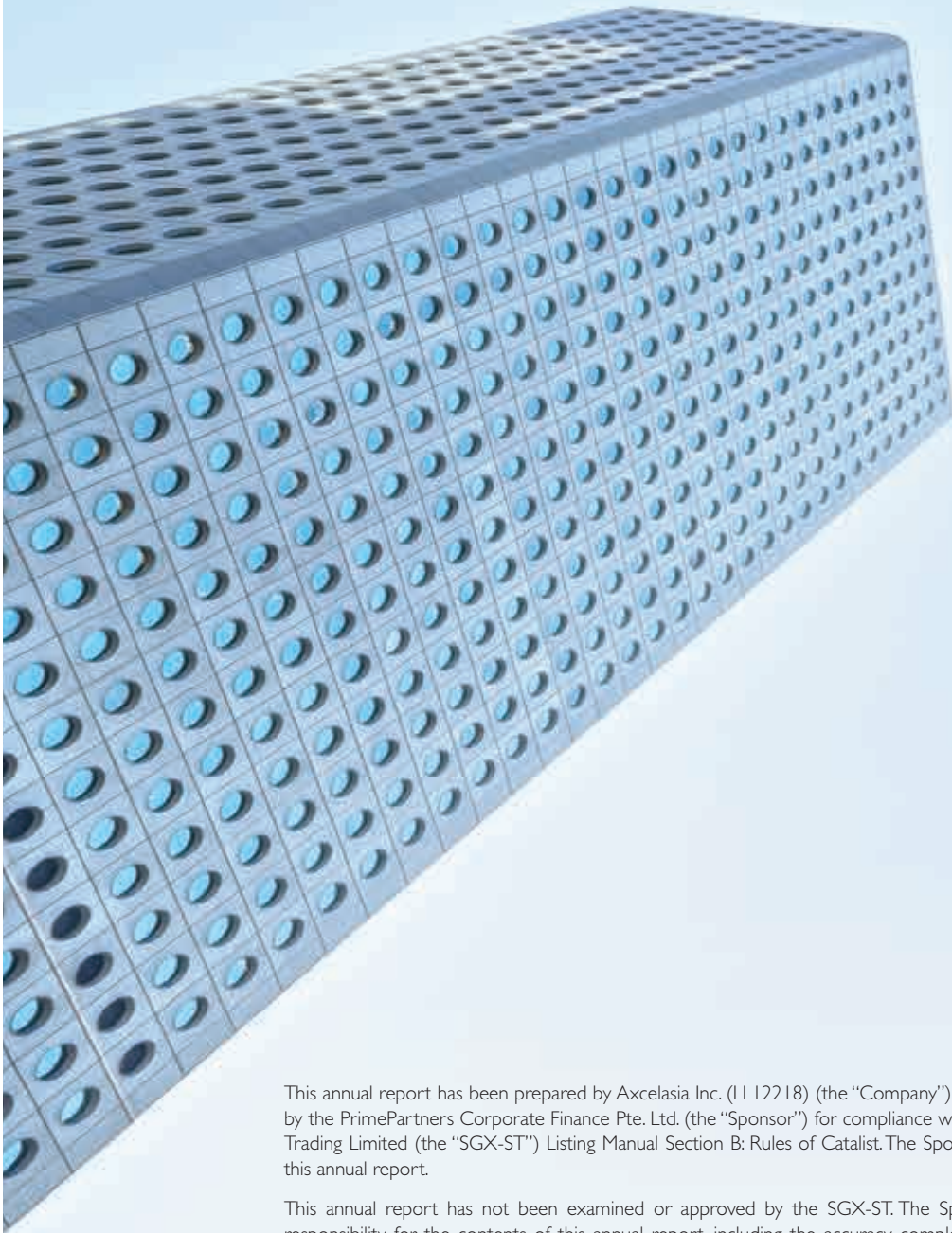
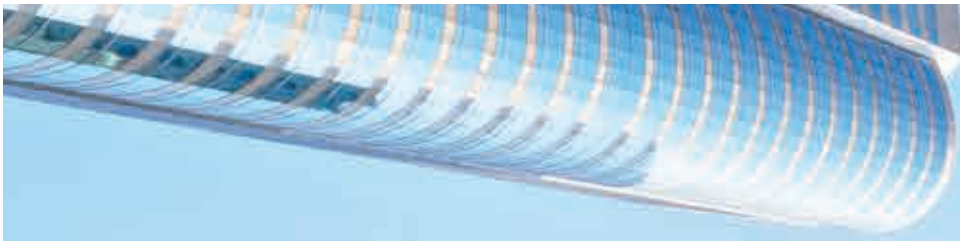


**Axcelasia**

ACCELERATING SUCCESS

**ACCELERATING  
SUCCESS**

ANNUAL  
REPORT **2017**



This annual report has been prepared by Axcelasia Inc. (LL12218) (the “Company”) and its contents have been reviewed by the PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Tan Pei Woon, Senior Manager, Continuing Sponsorship, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).

# CORPORATE PROFILE

**Axcelasia Inc.** (LL12218) (“Axcelasia” and together with its subsidiary corporations, the “Group”) is an integrated professional services firm providing tax advisory, business consulting, enterprise management system (“EMS”) applications and business support services. Headquartered in Kuala Lumpur, Malaysia, Axcelasia’s clients include public listed companies, private companies, multinational corporations and government-linked entities.

Since Axcelasia’s listing on the Singapore Exchange Catalist Board on 27 November 2015, the Group has embarked on an ASEAN expansion and established operations in Singapore, Laos and Vietnam.

The Group business operation is led by Dato’ Tang Swee Guan, Chief Executive Officer and Executive Director, and Mr. Ranjit Singh, Executive Director. Dr. Veerinderjeet Singh continues to provide leadership to the Board of Directors of the Company. The three of them collectively have more than 98 years’ experience in the professional services industry.

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## CHAIRMAN'S MESSAGE



### DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Axcelasia Inc. ("Axcelasia" and together with its subsidiaries, the "Group"), for the financial year ended 31 December 2017 ("FY2017").

FY2017 marks the second full financial year for the Group since our listing on the Singapore Exchange in November 2015. It has, as usual, been a very busy year for the entire team. While the listing status has lifted our profile, much more remains to be done as we forge ahead to build up the Axcelasia brand. This will take a substantial amount of time but the management is focused on it.

With a stronger balance sheet from funds raised following our initial public offering ("IPO"), we have and continue to execute three growth strategies to enhance value for shareholders. These are an (i) asset-light geographical expansion in Malaysia and the ASEAN region, (ii) expansion of portfolio of services to develop new revenue streams, and (iii) harnessing economies of scale arising from the business growth.

In line with our proposal for geographical expansion within ASEAN, we have established a footprint in at least three cities. Apart from Malaysia, Axcelasia now has offices in Singapore, Laos and Vietnam. Through joint ventures and strategic alliances, we have mitigated start-up risks and minimised capital expenditure even as we expand.

On 9 March 2017, we announced the RM2.88 million acquisition of Malaysia-based business and corporate governance consultancy firm Audex Governance Sdn. Bhd. ("Audex"). The transaction confers the Group the opportunity to tap on Audex's base of customers including many multinational corporations and public-listed entities to facilitate the cross-selling of Axcelasia's services. It has allowed the Group to recognise an enhanced revenue stream in the business consultancy segment.

Even as we continue to pursue growth, we remain committed to develop new revenue streams. We do this by leveraging on our diverse industry expertise and extending our existing corporate services. Accordingly, we have enlarged our offerings to include a suite of accounting and corporate finance advisory services, which cover due diligence, mergers and acquisitions, pre-listing preparations, share valuations and financial modelling. Such complementary services position the Group strongly to tap on the increasing number of clients who prefer to engage with a single integrated services provider.

Our strategy to move up the value chain has started to yield success. The Group has since secured mandates in the areas of due diligence, share valuation and accounting standards conversions. The Board is encouraged

by the Group's ability to secure such specialised projects imminently and believes these initiatives will help expand Axcelasia's client base and build its credentials.

While our strategic direction remains intact, the challenging operating environment continued to have a substantial impact on our businesses in FY2017. Our financial performance in FY2017 must be viewed in the context of the various actions outlined above. We will continue to focus on executing this strategy of moving up the value chain while intensifying efforts to return to profitability.

The continuing challenging economic environment in FY2017 (though slightly better than FY2016) continues to impact our operations. Nevertheless, our revenue in FY2017 increased to RM22.1 million from RM16.2 million a year ago.

Total expenses increased by 19.4% to RM23.4 million in FY2017 from RM19.6 million in FY2016 due largely to the higher overheads in relation to the new offices established during the year, and also the additional operating expenses following the IPO.

As a result, the Group posted a net loss attributable to shareholders of RM1.4 million in FY2017 compared to a net loss of RM3.4 million in the previous year.

Net loss per share was RM0.47 cents in FY2017 compared to net loss per share of RM1.95 cents in FY2016.

Net asset value per share was RM18.81 cents as at 31 December 2017 compared to RM19.54 cents as at 31 December 2016.

Cash and cash equivalents remain healthy at RM22.9 million as at 31 December 2017.

Despite the setback in our FY2017 performance, the groundwork for Axcelasia's growth has been laid. In view of the initiatives undertaken and the highly experienced management team in place, we are confident these will translate into new revenue streams and enhance value for our shareholders.

We will continue to pursue sustainable long-term growth in our business while working towards establishing a presence throughout ASEAN.

I would like to extend my appreciation to the Board of Directors for their strategic guidance, insights and patience. I would also like to thank all our

business partners, management and staff for their dedication and contributions. Above all, I would like to express our sincere appreciation to shareholders for their continued faith and support in Axcelasia. The Board welcomes engagement with our shareholders through the various means that have been made available.

While we recognise the challenges that the current economic environment poses, we remain committed to returning to profitability and enhancing shareholder value.

Finally, from January 2018, in view of my many commitments outside the Group, I have moved to the role of Non-Executive Chairman of the Group and Dato' Tang Swee Guan was appointed as the Chief Executive Officer. Notwithstanding this, I remain committed to guide the Board and Management in the journey to enhance shareholder value of the Axcelasia Group.

**DR. VEERINDERJEET SINGH**

Non-Executive Chairman

# CORE BUSINESS SEGMENTS



## TAX ADVISORY

- Corporate Tax
- Individual Tax
- Transfer Pricing
- GST/Indirect Tax
- Tax Compliance
- International Tax



## BUSINESS CONSULTANCY

- Governance, Risk and Compliance
- Internal Audit and Forensic Accounting
- Transformation and Programme Management
- IT Consulting
- Business Continuity Management
- HR Consulting



## ENTERPRISE MANAGEMENT SYSTEM (EMS)

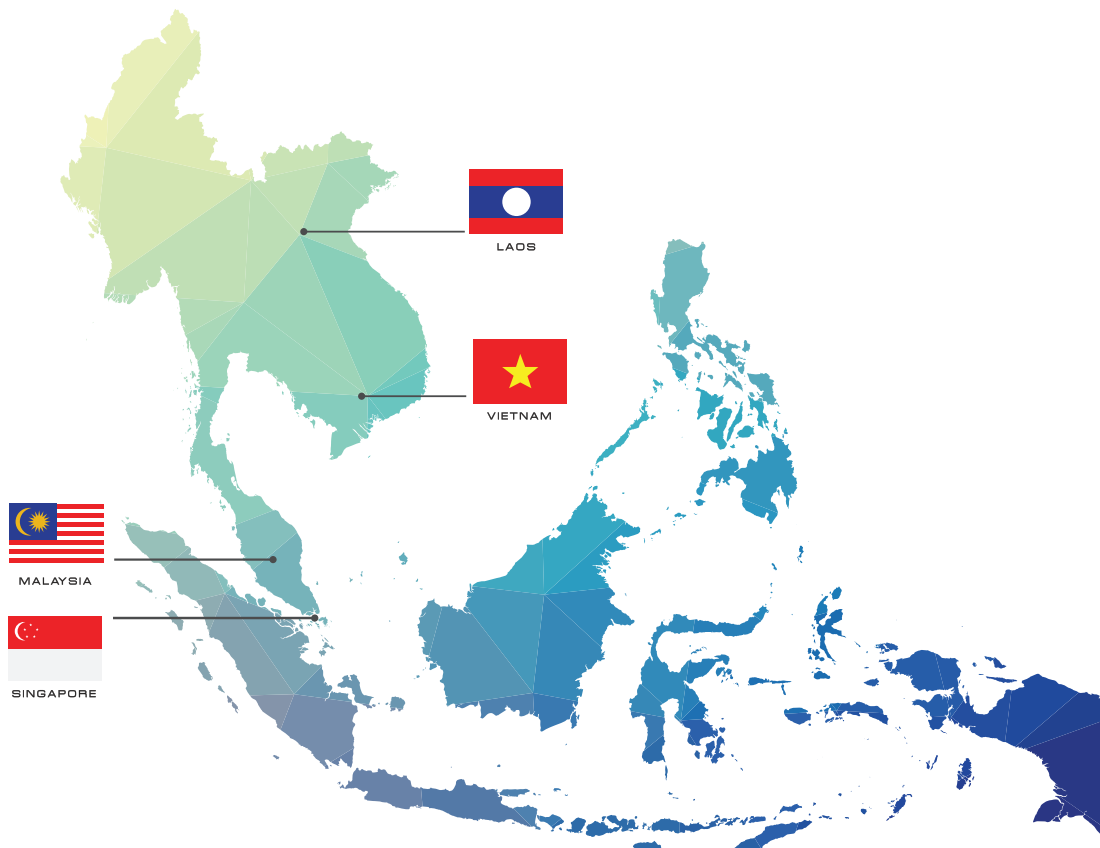
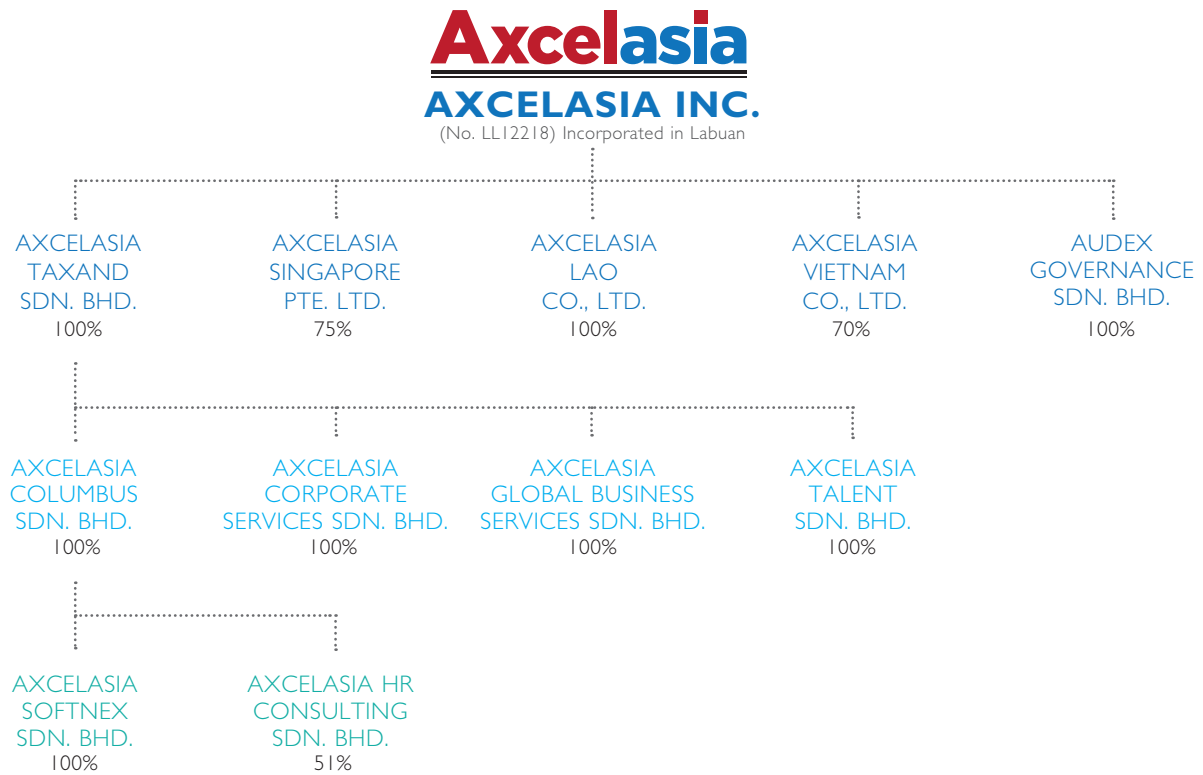
- Risk Management
- Compliance
- Internal Audit
- ISMS (Information Security Management System)
- Incident
- Insurance
- Whistleblowing



## BUSINESS SUPPORT SERVICES

- Accounting and Payroll Services
- Outsourcing / Shared Services
- Corporate Secretarial Services
- Corporate Advisory Services
- Administrative and Office Support Services
- Corporate Finance Services
- Financial Reporting Services

# GROUP STRUCTURE



# RECENT ACTIVITIES

ANNUAL DINNER



STRATEGY MEETING & TEAM BUILDING



BUDGET SEMINAR





# FINANCIAL HIGHLIGHTS

	FY2016	FY2017
<b>Income Statement (RM million)</b>		
Revenue	16.2	<b>22.1</b>
Loss Before Tax	(3.1)	<b>(0.6)</b>
Loss After Tax	(3.4)	<b>(1.4)</b>
<b>Balance Sheet (RM million)</b>		
	31 December 2016	<b>31 December 2017</b>
Total Assets	33.2	<b>34.3</b>
Total Liabilities	1.8	<b>4.1</b>
Total Shareholders' Equity	31.0	<b>30.2</b>
<b>Key Financial Ratios (RM cents)</b>		
Loss Per Share	(1.95)	<b>(0.47)</b>
Net Asset Value Per Share	19.54 as at 31 December 2016	<b>18.81 as at 31 December 2017</b>

# FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

## FINANCIAL HIGHLIGHTS

The Group's revenue for FY2017 increased by 36.4% to RM22.1 million from RM16.2 million for FY2016 due largely to revenue contribution from Audex Governance Sdn. Bhd. ("Audex") under the business consultancy segment following the acquisition of 100% shareholding interests in Audex in March 2017, and improved business in the provision of outsourcing services and taxation services.

Total expenses increased by 19.4% to RM23.4 million in FY2017 from RM19.6 million in FY2016 mainly attributable to the incorporation of Axcelasia Vietnam Co., Ltd ("Axcelasia Vietnam") and acquisition of Audex during FY2017.

As a result of the above, the Group recorded a net loss attributable to shareholders of RM1.4 million in FY2017 compared to a loss of RM3.4 million in the previous year.

## BALANCE SHEET

Current assets decreased to RM30.8 million as at 31 December 2017 from RM31.5 million as at 31 December 2016, mainly attributable to decrease in cash and bank balances due to costs incurred for the Group's ASEAN expansion, acquisition of Audex and working capital requirements.

Non-current assets increased to RM3.5 million as at 31 December 2017 from RM1.6 million as at 31 December 2016, mainly due to the goodwill arising from the acquisition of Audex Governance Sdn. Bhd..

Current liabilities increased to RM4.2 million from RM1.8 million as at 31 December 2016, largely due to the increase in other payables. There were no trade payable as at 31 December 2017. Non-current liabilities decreased to RM12,000 as at 31 December 2017 from RM14,000 as at 31 December 2016.

The Group had no borrowings as at 31 December 2017.

## CASH FLOW

Net cash used in operating activities for FY2017 was RM1.2 million, which comprised cash used in operating activities before working capital changes of RM0.5 million, working capital outflow of RM0.8 million and offset by an inflow of bank interest income of RM0.1 million and income tax refund of RM48,000.

Net cash used in investing activities in FY2017 was RM2.2 million, mainly due to the acquisition of Audex for a net cash consideration of RM2.4 million.

Net cash generated from financing activities in FY2017 was RM0.4 million, mainly attributable to acquisition of Axcelasia Vietnam by non-controlling interest.

As a result, cash and cash equivalents decreased to RM22.2 million in FY2017 from RM25.3 million in FY2016.

## BOARD OF DIRECTORS



### **DR. VEERINDERJEET SINGH** Non-Executive Chairman

Currently Dr. Veerinderjeet Singh holds the position of Non-Executive Chairman effective from 1 January 2018. He was appointed to the Board as Executive Chairman on 21 August 2015 and re-elected on 18 April 2016.

Dr. Singh was previously the Managing Director of Axcelasia Taxand Sdn Bhd since January 2007, and was re-designated as Chairman in January 2012. Between July 2003 and December 2006, he was the Managing Director of VS on Tax Sdn Bhd; an Executive Director and Partner at Ernst & Young Tax Consultants Sdn Bhd between July 2002 and June 2003; an Executive Director and Partner at Arthur Andersen between December 1996 and June 2002.

Between June 1988 and December 1996, Dr. Singh was a lecturer and subsequently an associate professor at the University of Malaya, where he taught and researched on tax. He was also an Assistant Manager at Price Waterhouse Tax Services Sdn Bhd between May 1985 and 1988; an Assessment Officer at the Inland Revenue Department of Malaysia from May 1980 to April 1985; a Tax Assistant at Peat Marwick Mitchell between February and April 1980; and a Financial Analyst at the Malaysian Industrial Development Authority between August 1979 and January 1980.

Dr. Singh is currently an Independent Director on the boards of Malaysian Rating Corporation Berhad, AmBank (M) Berhad and UMW Holdings Berhad. He is also a Director of IBFD Asia Sdn Bhd and was an Independent Director on the board of Bank of Nova Scotia Berhad from 2014 to May 2017.

Dr. Singh is currently a Council Member and Executive Committee Member of the Malaysian Institute of Certified Public Accountants (MICPA). He was elected Vice President in June 2017. He was appointed to the Council of the Malaysia Institute of Accountants (MIA) from May 2004 to April 2007, and subsequently for another four years term commencing May 2014. He is currently also the Chairman of the Taxation Committee of the MIA and a member of the Disciplinary Appeals Board of the MIA. He was the President of the Chartered Tax Institute of Malaysia between June 2007 and June 2010 and was past Chairman of the Malaysia Board of the International Fiscal Association.

On the international front, Dr. Singh is a board member of Taxand and a member of Certified Practising Accountants (CPA) Australia. He has been a member of the Board of Trustees of the Amsterdam-headquartered International Bureau of Fiscal Documentation since May 2009; a member of the Tax Commission of the Paris headquartered International Chamber of Commerce since February 2012; and a Trustee of the Malaysian Tax Research Foundation from December 2010 to April 2017. He has published articles and papers in various accounting, tax and law publications; and has spoken extensively on Malaysian and international tax matters at local and overseas conferences.

Dr. Singh has been an Adjunct Professor at a few local universities and currently is Adjunct Professor at the Business School, Monash University, Malaysia. He holds a Bachelor of Accounting (First Class Honours) from the University of Malaya, and a Doctor of Philosophy from University Putra Malaysia.

He has over 35 years of experience in corporate tax advisory and regulatory reform. He has been a business owner for over 10 years and has over 13 years of active involvement in contributing his services to promoting the interest of the accountancy profession with regulators, educators, the business community and the public. He has been involved in serving on the boards of public entities in Malaysia since 2014.



### **DATO' TANG SWEE GUAN** Chief Executive Officer and Executive Director

Dato' Tang Swee Guan was appointed to the Board as Finance Director and Executive Director on 21 August 2015. He was designated as Chief Executive Officer and Executive Director on 1 January 2018. He has over 37 years of experience in accounting, auditing, tax compliance, tax advisory and corporate finance services both in the UK and Malaysia.

He has been the Executive Director of Axcelasia Taxand Sdn Bhd since September 2006, and the Managing Partner of audit firm Peter Tang & Associates since January 1992. Between August 1989 and December 1990, Dato' Tang was the Group Financial Controller of Baxter Healthcare SA, and previously a Senior Manager at Price Waterhouse between March 1983 and July 1989. He has also been a member of the Audit Committee of the Council of University Tunku Abdul Rahman since September 2011.

Dato' Tang obtained his Master in Business Administration from the United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow of the Association of Chartered Certified Accountants UK, a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Fellow of CPA Australia.

He is also a Chartered Tax Adviser of the Chartered Institute of Taxation, UK and a Fellow member and Chartered Tax Practitioner of the Chartered Taxation Institute of Malaysia.

He is an approved tax agent under Section 153(3) of the Malaysia Income Tax Act, an approved GST agent under Section 170 of the Malaysia GST Act, and an approved company auditor under Section 263 of the Malaysia Companies Act 2016.

## BOARD OF DIRECTORS



### MR. RANJIT SINGH Executive Director

Mr. Ranjit Singh was appointed to the Board as Executive Director on 21 August 2015. He has 30 years of experience in internal and external audit, enterprise risk management, governance, transformation and forensic accounting.

Prior to his present role, he was the Managing Director of Axcelasia Columbus from April 2006. Mr. Singh held various positions within KPMG Malaysia between June 1987 to December 2005 where he joined as an Audit Junior, and was subsequently promoted to Manager and finally Partner. He was also seconded to KPMG Chicago as an Audit Senior and Supervisor between October 1993 and March 1995.

He has been a Chartered Member of the Institute of Internal Auditors ("IIA") Malaysia since 2004 and was the President of the IIA Malaysia for the term between 2013 and 2014. He is currently a member of the Board of Governors of IIA Malaysia. Mr Singh is a member of the Board of Directors and Audit Committee of Global IIA. He is also a member of the IIA's International Internal Audit Standards Board and was the President of Asian Confederation of the Institute of Internal Auditors for the term 2016/2017.

Mr. Singh obtained a Master of Business Administration from Heriot-Watt University, Edinburgh, UK. He was made a Member and Certified Public Accountant of the MICPA in February 1992. In February 1993, he was named a Registered Accountant for the MIA, and thereafter a Public and Chartered Accountant in September 2000. He has been a Certified Practising Accountant at CPA Australia since June 2008, and a Member of the Malaysian Association of Risk and Insurance Managers since October 2009.

Mr. Singh is also a Chartered Accountant of the MIA. He has been an Associate Member of the Association of Certified Fraud Examiners since January 1997. He was awarded a Certified Internal Auditor (United States) in December 2013 and a Certification in Risk Management Assurance (United States) in April 2012.

He has led international industry engagements and spoken at the 2011 and 2013 IIA International Conferences, among others.



### MR. TAN SEE YIN Lead Independent Director

Mr. Tan See Yin was appointed to the Board as Lead Independent Director on 21 October 2015 and re-elected on 18 April 2016. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Mr. Tan commenced his professional career as a management consultant with two of the largest Management Consulting firms in Malaysia, starting in 1979, for a total of 11 years; 7 years with SGV-Kassim Chan Sdn Bhd. and 4 years with Price Waterhouse Associates Sdn Bhd. Thereafter, he moved to the corporate sector during which he held numerous senior executive positions within the UEM Group Bhd. (Renong Bhd.) group of companies for 20 years between April 1990 and September 2010.

Upon joining UEM Group, he was based in the Group's headquarters as part of the corporate team to help the Group's companies restructure and plan for their expansion, from 1990 to 1993. In 1994, he was tasked to set up a new business for the Group in the healthcare sector. He was the Group Managing Director of Pharmaniaga Bhd (and its precursor company, Remedi Pharmaceuticals (M) Sdn Bhd) from January 1994 to March 2003. Pharmaniaga Bhd was listed on the Bursa Malaysia in 1998. In April 2003, he was transferred to Time dotCom Bhd as the Group Managing Director, another listed company within UEM Group, where he stayed until his transfer back to corporate headquarters in 2005 to helm a new division.

Mr. Tan's last position in UEM Group was Senior Director of Group Strategy and Business Development, where he and his team were responsible for working with the Group's companies to develop the overall corporate and business strategies for the entire Group, as well as coordinating and assisting the Group with the development and implementation of strategies to take the group companies international, as part of their expansion strategies worldwide. During this period, he represented UEM Group on the boards of its companies in Malaysia, India, New Zealand and the ASEAN countries.

Mr. Tan was appointed as a Non-Executive and Non-Independent Director and served as a member of the Audit Committee, Risk Committee and Development Committee of the board of Tomypak Holdings Berhad, a public company listed on Bursa Malaysia, since November 2014. He was subsequently redesignated as Executive Director on 4 February 2016.

Mr. Tan holds a Bachelor of Accounting (Honours) from the University of Malaya and is a Registered Accountant of the Malaysian Institute of Accountants.

# BOARD OF DIRECTORS



## **DATIN ISHARIDAH BINTI ISHAK** Independent Director

Datin Isharidah Binti Ishak was appointed to the Board as an Independent Director on 21 October 2015 and re-elected on 18 April 2016. She has been a consultant at legal firm M/s Isharidah, Ho, Chong & Menon since June 2006, where she had also served as Partner since 1988. As an advocate and solicitor, she advises on corporate matters.

Between January 1987 and August 1988, Datin Isharidah was a legal assistant at M/s Kassim Tadin, Wai & Co. Before that, she was chambering at and subsequently worked as a legal assistant at M/s Syed Alwi, Ng & Teoh between August 1985 and December 1986. She is presently a director of Countertrade (M) Sdn Bhd (Dormant) and Sera Permai Sdn Bhd (Dormant), and is a barrister of the Honourable Society of Lincolns' Inn.



## **MS. LEE PIH PENG** Independent Director

Ms. Lee Pih Peng was appointed to the Board as an Independent Director on 21 October 2015 and re-elected on 18 April 2016. She has more than 25 years of corporate law experience, and has been a Director of Altum Law Corporation since 2014 (formerly known as LPP Law Corporation). Between 2005 and 2014, she was a Partner at Lee & Lee; between 1999 and 2004, she was a Partner at Harry Elias Partnership. She joined Drew & Napier in 1991 and left as a Partner in 1998.

Ms. Lee was appointed as an advocate and solicitor of the Supreme Court of Singapore in March 1991, a solicitor of the Supreme Court of England and Wales in September 1996, and a member of the New York State Bar Association in August 2002.

Ms. Lee holds a Bachelor of Laws from the National University of Singapore, as well as an MBA from the University of Hull, UK.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DR. VEERINDERJEET SINGH A/L TEJWANT SINGH** (Non-Executive Chairman)

**DATO' TANG SWEE GUAN** (Chief Executive Officer & Executive Director)

**RANJIT SINGH A/L TARAM SINGH** (Executive Director)

**TAN SEEYIN** (Lead Independent Director)

**LEE PIH PENG** (Independent Director)

**DATIN ISHARIDAH BINTI ISHAK** (Independent Director)

## AUDIT COMMITTEE

**TAN SEEYIN** (Chairman)

**LEE PIH PENG**

**DATIN ISHARIDAH BINTI ISHAK**

## NOMINATION COMMITTEE

**DATIN ISHARIDAH BINTI ISHAK** (Chairperson)

**TAN SEEYIN**

**LEE PIH PENG**

## REMUNERATION COMMITTEE

**LEE PIH PENG** (Chairperson)

**TAN SEEYIN**

**DATIN ISHARIDAH BINTI ISHAK**

## COMPANY SECRETARIES

**HANS CORPORATE SERVICES LTD**

**RAYMOND LAM KUO WEI**

**TAN CHING CHING**

## REGISTERED OFFICE

Lot A020, Level 1, Podium Level

Financial Park, Jalan Merdeka

87000 Labuan F.T., Malaysia

Tel: +6087 427745

Fax: +6087 428845

## SINGAPORE SHARE REGISTRAR AND

### SHARE TRANSFER OFFICE

### TRICOR BARBINDER SHARE REGISTRATION SERVICES

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road

#02-00

Singapore 068898

## SPONSOR

### PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

## AUDITORS

### NEXIA TS PUBLIC ACCOUNTING CORPORATION

100 Beach Road #30-00 Shaw Tower

Singapore 189702

Director in Charge: **LOH JI KIN**

(A member of the Institute of Singapore Chartered Accountants)

(Appointed since financial year ended 31 December 2015)

## PRINCIPAL BANKERS

### THE BANK OF EAST ASIA, LIMITED

60 Robinson Road

BEA Building

Singapore 068892

### PUBLIC BANK BERHAD

Jalan Raja Chulan Branch

Menara Public Bank 2

78 Jalan Raja Chulan

50200 Kuala Lumpur, Malaysia

## CORPORATE COMMUNICATION

### AXCELASIA INC.

**DATO' TANG SWEE GUAN** Email: [dpt@axcelasia.com](mailto:dpt@axcelasia.com)

**RANJIT SINGH** Email: [rs@axcelasia.com](mailto:rs@axcelasia.com)

Suite 13A.02, Level 13A

Wisma Goldhill

67, Jalan Raja Chulan

50200 Kuala Lumpur

Tel: +603 2022 2999

Fax: +603 2032 2893

# CORPORATE GOVERNANCE

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “Board”) of Axcelasia Inc. (the “Company” and together with its subsidiary corporations, the “Group”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2017 (“FY2017”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “Code”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”).

<b>Guideline</b>	<b>Code and/or Guide Description</b>	<b>Company’s Compliance or Explanation</b>
General	(a) Has the Company complied with all the principles and guidelines of the Code?  If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.  Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
<b>BOARD MATTERS</b>																										
<b>The Board's Conduct of Affairs</b>																										
I.1	What is the role of the Board?	<p>The Board has six (6) members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 1.1 – Composition of the Board</b></th> </tr> <tr> <th><b>Name of Director</b></th> <th><b>Designation</b></th> <th><b>Date appointed</b></th> </tr> </thead> <tbody> <tr> <td>Dr. Veerinderjeet Singh a/l Tejwant Singh</td> <td>Non-Executive Chairman</td> <td>21 August 2015</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>Chief Executive Officer and Executive Director</td> <td>21 August 2015</td> </tr> <tr> <td>Mr. Ranjit Singh a/l Taram Singh</td> <td>Executive Director</td> <td>21 August 2015</td> </tr> <tr> <td>Mr. Tan See Yin</td> <td>Lead Independent Director</td> <td>21 October 2015</td> </tr> <tr> <td>Ms. Lee Pih Peng</td> <td>Independent Director</td> <td>21 October 2015</td> </tr> <tr> <td>Datin Isharidah Binti Ishak</td> <td>Independent Director</td> <td>21 October 2015</td> </tr> </tbody> </table> <p>The Board is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions are:</p> <ul style="list-style-type: none"> <li>• To chart broad policies and strategies of the Group;</li> <li>• To approve annual budgets and financial plans;</li> <li>• To review and approve any corporate merger, acquisitions and disposals (divestments);</li> <li>• To approve material borrowings and fund raising exercises;</li> <li>• To review performance and succession planning of the key management personnel;</li> <li>• To review and approve the risk management framework of the Group;</li> <li>• To review the business continuity plan of the Group; and</li> <li>• To monitor and manage potential conflicts of interest between the key management personnel, the Board and the shareholders.</li> </ul>	<b>Table 1.1 – Composition of the Board</b>			<b>Name of Director</b>	<b>Designation</b>	<b>Date appointed</b>	Dr. Veerinderjeet Singh a/l Tejwant Singh	Non-Executive Chairman	21 August 2015	Dato' Tang Swee Guan	Chief Executive Officer and Executive Director	21 August 2015	Mr. Ranjit Singh a/l Taram Singh	Executive Director	21 August 2015	Mr. Tan See Yin	Lead Independent Director	21 October 2015	Ms. Lee Pih Peng	Independent Director	21 October 2015	Datin Isharidah Binti Ishak	Independent Director	21 October 2015
<b>Table 1.1 – Composition of the Board</b>																										
<b>Name of Director</b>	<b>Designation</b>	<b>Date appointed</b>																								
Dr. Veerinderjeet Singh a/l Tejwant Singh	Non-Executive Chairman	21 August 2015																								
Dato' Tang Swee Guan	Chief Executive Officer and Executive Director	21 August 2015																								
Mr. Ranjit Singh a/l Taram Singh	Executive Director	21 August 2015																								
Mr. Tan See Yin	Lead Independent Director	21 October 2015																								
Ms. Lee Pih Peng	Independent Director	21 October 2015																								
Datin Isharidah Binti Ishak	Independent Director	21 October 2015																								



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
I.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC"), and the Nomination Committee (the "NC") collectively, (the "Board Committees"). The compositions of the Board Committees are as follows:</p> <table border="1"> <caption><b>Table 1.3 – Composition of the Board Committees</b></caption> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Tan See Yin</td> <td>Datin Isharidah Binti Ishak</td> <td>Lee Pih Peng</td> </tr> <tr> <td>Member</td> <td>Datin Isharidah Binti Ishak</td> <td>Lee Pih Peng</td> <td>Tan See Yin</td> </tr> <tr> <td>Member</td> <td>Lee Pih Peng</td> <td>Tan See Yin</td> <td>Datin Isharidah Binti Ishak</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) The AC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the AC are non-executive Directors.</p> <p>(2) The NC comprises 3 members, all of whom, including the Chairman, is independent. The Lead Independent Director is a member of the NC.</p> <p>(3) The RC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the RC are non-executive Directors.</p>		AC	NC	RC	Chairman	Tan See Yin	Datin Isharidah Binti Ishak	Lee Pih Peng	Member	Datin Isharidah Binti Ishak	Lee Pih Peng	Tan See Yin	Member	Lee Pih Peng	Tan See Yin	Datin Isharidah Binti Ishak																													
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I.4	Have the Board and Board Committees met in the last financial year?	<p>The Company held its Board and Audit Committee meetings on 24 February 2017, 8 June 2017, 31 July 2017 and 20 November 2017. The NC and RC meetings were held on 24 February 2017.</p> <p>Board meeting was also held on 13 July 2017 and NC meeting was held on 20 November 2017.</p> <p>The Board meets on a quarterly basis, and as and when circumstances require. The details of the Board and Board Committee meetings held during FY2017 and the attendance of each Board member are shown below:</p> <table border="1"> <caption><b>Table 1.4 – Board and Board Committee Meetings in FY2017</b></caption> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>5</td> <td>4</td> <td>2</td> <td>1</td> </tr> <tr> <th>Name of Director</th> <th colspan="4">Number of Meetings Attended</th> </tr> <tr> <td>Dr. Veerinderjeet Singh a/l Tejwant Singh</td> <td>5</td> <td>4*</td> <td>2*</td> <td>1*</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>5</td> <td>4*</td> <td>2*</td> <td>1*</td> </tr> <tr> <td>Mr. Ranjit Singh a/l Taram Singh</td> <td>5</td> <td>4*</td> <td>2*</td> <td>1*</td> </tr> <tr> <td>Mr. Tan See Yin</td> <td>5</td> <td>4</td> <td>2</td> <td>1</td> </tr> <tr> <td>Datin Isharidah Binti Ishak</td> <td>5</td> <td>4</td> <td>2</td> <td>1</td> </tr> <tr> <td>Ms. Lee Pih Peng</td> <td>5</td> <td>4</td> <td>2</td> <td>1</td> </tr> </tbody> </table> <p>* By invitation</p> <p>The Company's Articles of Association (the "Articles") allow for meetings to be held through telephone and/or video-conference.</p>		Board	AC	NC	RC	Number of Meetings Held	5	4	2	1	Name of Director	Number of Meetings Attended				Dr. Veerinderjeet Singh a/l Tejwant Singh	5	4*	2*	1*	Dato' Tang Swee Guan	5	4*	2*	1*	Mr. Ranjit Singh a/l Taram Singh	5	4*	2*	1*	Mr. Tan See Yin	5	4	2	1	Datin Isharidah Binti Ishak	5	4	2	1	Ms. Lee Pih Peng	5	4	2	1
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	<p>The Company has documented internal policies for matters that require Board approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and/or Management to optimise operational efficiency guided by internal policies and limits of authority.</p> <p>Specifically, matters and transactions that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Business plans;</li> <li>• Material acquisitions, divestments and equity ventures;</li> <li>• Dividend policy;</li> <li>• Financial results announcements, annual report and audited financial statements;</li> <li>• Discretionary authority limits ("DAL");</li> <li>• Key policies (Whistleblowing policy, Business Continuity Management policy, Investment policy and Information Technology policy);</li> <li>• Enterprise Risk management framework; and</li> <li>• Material capital expenditures, acquisitions and disposals.</li> </ul>
1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>Not applicable. There were no new appointment of directors in FY2017.</p> <p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. The Company has in place a training programme of new Directors which include briefing on the Group activities, services and location of operations, vision and core values and marketing plans.</p>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
	<p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such training costs are borne by the Company.</p> <p>The table below shows the trainings attended by selected Directors in FY2017:</p> <table border="1" data-bbox="655 1012 1431 1368"> <thead> <tr> <th data-bbox="655 1012 916 1059">Name of Director</th> <th data-bbox="916 1012 1171 1059">Course</th> <th data-bbox="1171 1012 1431 1059">Training Provider</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1059 916 1229">Lee Pih Peng</td> <td data-bbox="916 1059 1171 1229">Listed Company Director Programme: ACRA: SGX-SID Audit Committee Seminar 2017</td> <td data-bbox="1171 1059 1431 1229">Singapore Institute of Directors</td> </tr> <tr> <td data-bbox="655 1229 916 1368">Dr Veerinderjeet Singh a/l Tejwant Singh</td> <td data-bbox="916 1229 1171 1368">SID Masterclass for Directors (MCD) Programme: Strategy at the Board level</td> <td data-bbox="1171 1229 1431 1368">Singapore Institute of Directors</td> </tr> </tbody> </table> <p>In addition, briefings, updates and trainings for the Directors in FY2017 included:</p> <ul data-bbox="655 1503 1439 1939" style="list-style-type: none"> <li>• National Tax Conference 2017 organised by Chartered Tax Institute of Malaysia and Lembaga Hasil Dalam Negeri</li> <li>• National GST Conference 2017 organised by Chartered Tax Institute of Malaysia</li> <li>• 2017 IIA Malaysia National Conference organised by The Institute of Internal Auditors Malaysia ("IIAM")</li> <li>• Audit Committee Conference 2017 organised by Malaysian Institute of Accountants (MIA) and IIAM</li> <li>• 2017 International Conference organised by The Institute of Internal Auditors Inc</li> <li>• National Conference on Internal Audit organised by Institute of Internal Auditors India, Madras Chapter</li> <li>• MIA International Conference organised by MIA</li> <li>• ICLIF Mandatory Accredited Programme on Governance organised by ICLIF</li> </ul> <p>The Company Secretary also briefs the Directors on key regulatory changes, while the external auditors briefs the Directors on key amendments on the accounting standards.</p>	Name of Director	Course	Training Provider	Lee Pih Peng	Listed Company Director Programme: ACRA: SGX-SID Audit Committee Seminar 2017	Singapore Institute of Directors	Dr Veerinderjeet Singh a/l Tejwant Singh	SID Masterclass for Directors (MCD) Programme: Strategy at the Board level	Singapore Institute of Directors
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Composition and Guidance</b>		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up 50% of the Board.  Mr. Tan See Yin, who is the Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, CEO, or the CFO has failed to resolve, or is inappropriate.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.  The NC had reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors had also confirmed their independence in accordance with the Code at the NC meeting on 13 February 2018.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship  (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who have served beyond nine years since the date of their first appointment.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																				
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Board's policy in identifying director candidates is primarily to have an appropriate mix of members with complementary skills, core competencies and experience relevant and useful for the Group, regardless of gender.</p> <p>The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company as follows:</p> <table border="1" data-bbox="655 786 1430 1368"> <thead> <tr> <th colspan="3" data-bbox="655 786 1430 824"><b>Table 2.6 – Balance and Diversity of the Board</b></th> </tr> <tr> <th data-bbox="655 824 1050 898"></th> <th data-bbox="1050 824 1238 898"><b>Number of Directors</b></th> <th data-bbox="1238 824 1430 898"><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="655 898 1430 943"><b>Core Competencies</b></td> </tr> <tr> <td data-bbox="655 943 1050 981">– Accounting or finance</td> <td data-bbox="1050 943 1238 981">5</td> <td data-bbox="1238 943 1430 981">83%</td> </tr> <tr> <td data-bbox="655 981 1050 1019">– Business management</td> <td data-bbox="1050 981 1238 1019">6</td> <td data-bbox="1238 981 1430 1019">100%</td> </tr> <tr> <td data-bbox="655 1019 1050 1057">– Legal or corporate governance</td> <td data-bbox="1050 1019 1238 1057">6</td> <td data-bbox="1238 1019 1430 1057">100%</td> </tr> <tr> <td data-bbox="655 1057 1050 1131">– Relevant industry knowledge or experience</td> <td data-bbox="1050 1057 1238 1131">6</td> <td data-bbox="1238 1057 1430 1131">100%</td> </tr> <tr> <td data-bbox="655 1131 1050 1169">– Strategic planning experience</td> <td data-bbox="1050 1131 1238 1169">6</td> <td data-bbox="1238 1131 1430 1169">100%</td> </tr> <tr> <td data-bbox="655 1169 1050 1243">– Customer based experience or knowledge</td> <td data-bbox="1050 1169 1238 1243">6</td> <td data-bbox="1238 1169 1430 1243">100%</td> </tr> <tr> <td colspan="3" data-bbox="655 1243 1430 1281"><b>Gender</b></td> </tr> <tr> <td data-bbox="655 1281 1050 1319">– Male</td> <td data-bbox="1050 1281 1238 1319">4</td> <td data-bbox="1238 1281 1430 1319">67%</td> </tr> <tr> <td data-bbox="655 1319 1050 1368">– Female</td> <td data-bbox="1050 1319 1238 1368">2</td> <td data-bbox="1238 1319 1430 1368">33%</td> </tr> </tbody> </table> <p>Details of the Directors' academic and professional qualifications and other appointments are set out on page 9 to 11 of the Annual Report.</p> <p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors.</p>	<b>Table 2.6 – Balance and Diversity of the Board</b>				<b>Number of Directors</b>	<b>Proportion of Board</b>	<b>Core Competencies</b>			– Accounting or finance	5	83%	– Business management	6	100%	– Legal or corporate governance	6	100%	– Relevant industry knowledge or experience	6	100%	– Strategic planning experience	6	100%	– Customer based experience or knowledge	6	100%	<b>Gender</b>			– Male	4	67%	– Female	2	33%
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# CORPORATE GOVERNANCE

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2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	<p>The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.</p> <p>For FY2017, the Non-Executive Directors had met two (2) times in the absence of key management.</p>
<b>Chairman and Chief Executive Officer</b>		
3.1	Are the duties between Chairman and CEO segregated?	<p>With effect from 1 January 2018, Dr Veerinderjeet Singh assumed the role of Non-Independent Non-Executive Chairman and Dato' Tang Swee Guan assumed the role of CEO. The roles of the Chairman and CEO are now clearly separated to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making.</p> <p>The Chairman schedules and chairs Board meetings and ensures that independent directors are able to speak freely and contribute effectively. He also ensures proper information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at the annual general meetings of the Company ("AGM") and other shareholders' meetings. He also takes a leading role in the Company's efforts to achieve and maintain a high standard of corporate governance.</p> <p>The Chairman and the CEO are not related to each other.</p> <p>The CEO is responsible for overseeing the strategic positioning of the Group and manages the day-to-day business operations of the Group with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.</p>
3.4	Have the Independent Directors met in the absence of other Directors?	<p>Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors as and when circumstances warrant. In FY2017, the Independent Directors had met two (2) times in the absence of the other directors.</p>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Membership</b>		
4.1	What are the duties of the NC?	<p>The NC is guided by its key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) To establish criteria for appointment of new Director to the Board;</li> <li>(b) To review and recommend the re-appointment of Directors having regard to the Director's contribution and performance;</li> <li>(c) To determine on an annual basis whether a Director is independent;</li> <li>(d) To develop a process for evaluation of the performance of the Board, its Board Committees and Directors;</li> <li>(e) To review and recommend to the Board the succession plans for the Chairman and the Executive Directors; and</li> <li>(f) To review and recommend to the Board the training and professional development programmes for the Board.</li> </ul>
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<p>The Board has set the maximum number of listed company board representations as 5.</p> <p>Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.</p>
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board;</li> <li>• Nature and scope of the Group's operations and size; and</li> <li>• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</li> </ul>
	(d) Have the Directors adequately discharged their duties?	Yes. The NC reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have adequately discharged their duties as Directors for FY2017.

# CORPORATE GOVERNANCE

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4.5	Are there any alternate Directors?	The Company currently does not have any alternate directors.															
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p data-bbox="655 600 1434 667">Since the Company's listing on the Catalist of the SGX-ST in November 2015, there had been no appointment of any new directors.</p> <table border="1" data-bbox="655 689 1434 2004"> <thead> <tr> <th colspan="3" data-bbox="655 689 1434 779"><b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 779 708 1395">1.</td> <td data-bbox="708 779 954 1395">Determination of selection criteria</td> <td data-bbox="954 779 1434 1395"> <p data-bbox="962 790 1426 902">The NC, in consultation with the Board, will consider the following factors when reviewing a candidate for Board appointment:</p> <ul data-bbox="962 925 1426 1395" style="list-style-type: none"> <li>• the skills, experience, expertise and personal trait that will best complement Board effectiveness;</li> <li>• the existing composition of the Board, aimed at providing the Board the benefits of diversity among its Directors; and</li> <li>• the capacity of the candidate to dedicate the necessary time and commitment to the role. This involves a consideration of other commitments such as other board or executive appointments, integrity, potential conflicts of interest, and independence.</li> </ul> </td> </tr> <tr> <td data-bbox="655 1395 708 1619">2.</td> <td data-bbox="708 1395 954 1619">Search for suitable candidates</td> <td data-bbox="954 1395 1434 1619"> <ul data-bbox="962 1406 1426 1619" style="list-style-type: none"> <li>• The NC will furnish to all Directors a comprehensive background information in relation to a candidate.</li> <li>• The NC would consider external search organisations for identification of potential Director candidates, if deemed necessary.</li> </ul> </td> </tr> <tr> <td data-bbox="655 1619 708 1731">3.</td> <td data-bbox="708 1619 954 1731">Assessment of shortlisted candidates</td> <td data-bbox="954 1619 1434 1731"> <ul data-bbox="962 1630 1426 1731" style="list-style-type: none"> <li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul> </td> </tr> <tr> <td data-bbox="655 1731 708 2004">4.</td> <td data-bbox="708 1731 954 2004">Appointment of director</td> <td data-bbox="954 1731 1434 2004"> <ul data-bbox="962 1742 1426 2004" style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> <li>• All Board appointments should be formalised by letter in the standard format as approved by the Board from time to time.</li> </ul> </td> </tr> </tbody> </table>	<b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b>			1.	Determination of selection criteria	<p data-bbox="962 790 1426 902">The NC, in consultation with the Board, will consider the following factors when reviewing a candidate for Board appointment:</p> <ul data-bbox="962 925 1426 1395" style="list-style-type: none"> <li>• the skills, experience, expertise and personal trait that will best complement Board effectiveness;</li> <li>• the existing composition of the Board, aimed at providing the Board the benefits of diversity among its Directors; and</li> <li>• the capacity of the candidate to dedicate the necessary time and commitment to the role. This involves a consideration of other commitments such as other board or executive appointments, integrity, potential conflicts of interest, and independence.</li> </ul>	2.	Search for suitable candidates	<ul data-bbox="962 1406 1426 1619" style="list-style-type: none"> <li>• The NC will furnish to all Directors a comprehensive background information in relation to a candidate.</li> <li>• The NC would consider external search organisations for identification of potential Director candidates, if deemed necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul data-bbox="962 1630 1426 1731" style="list-style-type: none"> <li>• The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul>	4.	Appointment of director	<ul data-bbox="962 1742 1426 2004" style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> <li>• All Board appointments should be formalised by letter in the standard format as approved by the Board from time to time.</li> </ul>
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# CORPORATE GOVERNANCE

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		<p data-bbox="655 562 1430 600"><b>Table 4.6(b) – Process for the Re-electing Incumbent Directors</b></p> <table border="1" data-bbox="655 607 1430 954"> <tbody> <tr> <td data-bbox="655 607 711 801">1.</td> <td data-bbox="711 607 954 801">Assessment of director</td> <td data-bbox="954 607 1430 801"> <ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul> </td> </tr> <tr> <td data-bbox="655 801 711 954">2.</td> <td data-bbox="711 801 954 954">Re-appointment of director</td> <td data-bbox="954 801 1430 954">Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td> </tr> </tbody> </table> <p data-bbox="655 994 1430 1301">The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Articles, at least one-third of the Board (including the Non-Executive Chairman and Executive Directors) is to retire from office by rotation and be subject to re-election at the AGM. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.</p> <p data-bbox="655 1341 1430 1402">The Directors who are retiring at the forthcoming AGM pursuant to the respective Articles and are to be nominated for re-election are as follows:</p> <table border="1" data-bbox="655 1435 1430 1630"> <thead> <tr> <th colspan="3" data-bbox="655 1435 1430 1480"><b>Table 4.6(c) – Directors to be Retired Pursuant to the Articles</b></th> </tr> <tr> <th data-bbox="655 1480 1007 1541">Name of Director</th> <th data-bbox="1007 1480 1318 1541">Designation</th> <th data-bbox="1318 1480 1430 1541">Articles</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1541 1007 1585">Mr. Tan See Yin</td> <td data-bbox="1007 1541 1318 1585">Independent Director</td> <td data-bbox="1318 1541 1430 1585">97</td> </tr> <tr> <td data-bbox="655 1585 1007 1630">Datin Isharidah Binti Ishak</td> <td data-bbox="1007 1585 1318 1630">Independent Director</td> <td data-bbox="1318 1585 1430 1630">97</td> </tr> </tbody> </table> <p data-bbox="655 1659 1430 1720">Mr. Tan See Yin upon re-election as a Director, will remain as the Chairman of the AC and a member of the NC and RC.</p> <p data-bbox="655 1760 1430 1821">Datin Isharidah Binti Ishak upon re-election as a Director, will remain as the Chairperson of the NC and a member of the AC and RC.</p>	1.	Assessment of director	<ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul>	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.	<b>Table 4.6(c) – Directors to be Retired Pursuant to the Articles</b>			Name of Director	Designation	Articles	Mr. Tan See Yin	Independent Director	97	Datin Isharidah Binti Ishak	Independent Director	97
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4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, academic and professional qualifications and other principal commitments, are set out on pages 9 to 11 of this annual report.									
<b>Board Performance</b>											
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>The following table sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board and its Board Committees as a whole, and for assessing the contribution by each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board.</p> <table border="1"> <thead> <tr> <th>Performance Criteria</th> <th>Board and Board Committees</th> <th>Individual Directors</th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Inputs to strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol> </td> <td> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> <li>6. Engagement with Management</li> </ol> </td> </tr> <tr> <td>Quantitative</td> <td>None</td> <td> <ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol> </td> </tr> </tbody> </table> <p>The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</p>	Performance Criteria	Board and Board Committees	Individual Directors	Qualitative	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Inputs to strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> <li>6. Engagement with Management</li> </ol>	Quantitative	None	<ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol>
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	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2017, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on performance criteria;</li> <li>2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or his/her re-election as a Director.</p> <p>No external facilitator was used in the evaluation process.</p>																								
	(b) Has the Board met its performance objectives?	The Board has on a whole and the Board Committee had met its performance objectives for FY2017.																								
<b>Access to Information</b>																										
6.1 10.3	What types of information does the Company provide to the Board to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Directors are set out in the table below:</p> <table border="1" data-bbox="655 1301 1433 1839"> <thead> <tr> <th colspan="3" data-bbox="655 1301 1433 1368"><b>Table 6 – Types of Information Provided by Key Management Personnel to Directors</b></th> </tr> <tr> <th data-bbox="655 1368 711 1420"></th> <th data-bbox="711 1368 1254 1420">Information</th> <th data-bbox="1254 1368 1433 1420">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1420 711 1514">1.</td> <td data-bbox="711 1420 1254 1514">Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary).</td> <td data-bbox="1254 1420 1433 1514">Quarterly</td> </tr> <tr> <td data-bbox="655 1514 711 1576">2.</td> <td data-bbox="711 1514 1254 1576">Updates to the Group's operations and the markets in which the Group operates in.</td> <td data-bbox="1254 1514 1433 1576">Quarterly</td> </tr> <tr> <td data-bbox="655 1576 711 1639">3.</td> <td data-bbox="711 1576 1254 1639">Reports on on-going or planned corporate actions</td> <td data-bbox="1254 1576 1433 1639">As and when applicable</td> </tr> <tr> <td data-bbox="655 1639 711 1702">4.</td> <td data-bbox="711 1639 1254 1702">Enterprise risk management report and internal audit report</td> <td data-bbox="1254 1639 1433 1702">As and when available</td> </tr> <tr> <td data-bbox="655 1702 711 1765">5.</td> <td data-bbox="711 1702 1254 1765">Business plans</td> <td data-bbox="1254 1702 1433 1765">As and when available</td> </tr> <tr> <td data-bbox="655 1765 711 1839">6.</td> <td data-bbox="711 1765 1254 1839">Shareholding statistics</td> <td data-bbox="1254 1765 1433 1839">As and when requested</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management. AC Chairman is regularly briefed on the financials of the Group.</p>	<b>Table 6 – Types of Information Provided by Key Management Personnel to Directors</b>				Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary).	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates in.	Quarterly	3.	Reports on on-going or planned corporate actions	As and when applicable	4.	Enterprise risk management report and internal audit report	As and when available	5.	Business plans	As and when available	6.	Shareholding statistics	As and when requested
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	<p>All Directors have separate and independent access to the Company Secretary. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, are as follows:</p> <ul style="list-style-type: none"> <li>• Ensuring that Board procedures are observed and that the Company's Memorandum of Association and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Labuan Companies Act and the Catalist Rules, are complied with;</li> <li>• Assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long term shareholders value;</li> <li>• Assist the Chairman to ensure good information flows within the Board and its Board committees and key management personnel;</li> <li>• Facilitating orientation and assisting with professional development as required;</li> <li>• Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;</li> <li>• Attend and prepare minutes for all Board meetings;</li> <li>• As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and</li> <li>• Assist the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.</li> </ul> <p>Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required.</p>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
<b>Level and Mix of Remuneration</b>		
7.1	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) Review and recommend to the Board the remuneration framework for each Director and key management personnel of the Company;</li> <li>(b) Review and recommend to the Board the individual remuneration structure and policy for the Executive Directors and key management personnel, taking due account of short term and long term incentives and whether there is an appropriate balance between fixed and incentive pay that is aligned with the objectives of the Company and is commensurate with the level of executive responsibilities;</li> <li>(c) Review and recommend to the Board an appropriate performance framework; supporting the setting of performance target parameters for the remuneration of the Executive Directors and key management personnel; and monitor their performance against such targets and recommending resultant annual remuneration levels; and</li> <li>(d) Review and make recommendations to the Board for the remuneration report for inclusion in the annual report.</li> </ul>
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2017.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	No "claw-back" provisions are provided for in the service agreements of Executive Directors and key management personnel. The Board is of the view that as the Group pays performance bonus based on the actual results of the Group (and on forward-looking results) as well as actual performance of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

# CORPORATE GOVERNANCE

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<b>Disclosure on Remuneration</b>																																																								
9	What is the Company's remuneration policy?	<p>The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to recruit, attract, retain and motivate high performing individuals and structured as to align their interests with those of the Company and its shareholders. The policy also seeks to pursue the long term growth and success of the Company and its business plan.</p> <p>The Company has entered into separate service agreements with the Executive Directors and key management personnel. For details, please refer to the Company's offer document dated 18 November 2015. The service agreement with the former Executive Chairman has ceased from 1 January 2018.</p>																																																						
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors in FY2017 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><b>Table 9.2 – Directors' Remuneration</b></th> </tr> <tr> <th>Name</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Directors' Fees (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Below S\$250,000</b></td> </tr> <tr> <td>Dr. Veerinderjeet Singh<sup>(1)</sup></td> <td>100</td> <td>0</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>100</td> <td>0</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Ranjit Singh</td> <td>100</td> <td>0</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Tan See Yin</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> <tr> <td>Datin Ishadirah Binti Ishak</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> <tr> <td>Lee Pih Peng</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> </tbody> </table> <p>(1) Dr. Veerinderjeet Singh had been redesignated as Non-Executive Director with effect from 1 January 2018.</p> <p>There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2017.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the commercial sensitivity and confidential nature of remuneration matters.</p>	<b>Table 9.2 – Directors' Remuneration</b>						Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Benefits-in-kind (%)	Total (%)	<b>Below S\$250,000</b>						Dr. Veerinderjeet Singh <sup>(1)</sup>	100	0	0	0	100	Dato' Tang Swee Guan	100	0	0	0	100	Ranjit Singh	100	0	0	0	100	Tan See Yin	0	0	100	0	100	Datin Ishadirah Binti Ishak	0	0	100	0	100	Lee Pih Peng	0	0	100	0	100
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9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2017 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 9.3 – Remuneration of Key Management Personnel</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Salary (%)</b></th> <th><b>Bonus (%)</b></th> <th><b>Benefits-in-kind (%)</b></th> <th><b>Total (%)</b></th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Derek Lee Siew Weng</td> <td>84</td> <td>16</td> <td>0</td> <td>100</td> </tr> <tr> <td>Kenny Harris Wong</td> <td>96</td> <td>4</td> <td>0</td> <td>100</td> </tr> <tr> <td>Datin Chai Seow Lin<sup>(1)</sup></td> <td>80</td> <td>20</td> <td>0</td> <td>100</td> </tr> <tr> <td>Sylvia Anita Rockey</td> <td>100</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Sivaruban Kandasamy</td> <td>86</td> <td>14</td> <td>0</td> <td>100</td> </tr> <tr> <td>Cheah Mei Hua</td> <td>87</td> <td>13</td> <td>0</td> <td>100</td> </tr> </tbody> </table> <p>(1) Spouse of Dato' Tang Swee Guan, CEO and Executive Director.</p> <p>The total remuneration paid to the top six (6) key management personnel in FY2017 was S\$565,640.</p>	<b>Table 9.3 – Remuneration of Key Management Personnel</b>					<b>Name</b>	<b>Salary (%)</b>	<b>Bonus (%)</b>	<b>Benefits-in-kind (%)</b>	<b>Total (%)</b>	<b>Below S\$250,000</b>					Derek Lee Siew Weng	84	16	0	100	Kenny Harris Wong	96	4	0	100	Datin Chai Seow Lin <sup>(1)</sup>	80	20	0	100	Sylvia Anita Rockey	100	0	0	100	Sivaruban Kandasamy	86	14	0	100	Cheah Mei Hua	87	13	0	100
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9.4	<p>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>Datin Chai Seow Lin is the spouse of Dato' Tang Swee Guan, the CEO and Executive Director. The remuneration of Datin Chai in FY2017 was in bands of S\$100,000 to S\$150,000.</p> <p>Other than as disclosed, there was no employee of the Group who was an immediate family member of a Director or CEO whose remuneration exceeded S\$50,000 in FY2017.</p>																																													
9.5	<p>Please provide details of the employee share scheme(s).</p>	<p>Information on the Company's Performance Share Plan and Employee Share Option Scheme is set out on pages 44 to 46 of this Annual Report. The Company did not grant any option or award any shares during FY2017.</p>																																													

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9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual contribution towards the overall performance of the Group for FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.											
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in line with the goals of all stakeholders:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 9.6(b)</b></th> </tr> <tr> <th><b>Performance Conditions</b></th> <th><b>Short-term Incentives</b></th> <th><b>Long-term Incentives</b></th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Marketing effort</li> <li>Implementation of better practices</li> </ol> </td> <td rowspan="2">The Company is in the midst of finalising the performance conditions in relation to the long term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan)</td> </tr> <tr> <td>Quantitative</td> <td> <ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol> </td> </tr> </tbody> </table>	<b>Table 9.6(b)</b>			<b>Performance Conditions</b>	<b>Short-term Incentives</b>	<b>Long-term Incentives</b>	Qualitative	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Marketing effort</li> <li>Implementation of better practices</li> </ol>	The Company is in the midst of finalising the performance conditions in relation to the long term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan)	Quantitative	<ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol>
	<b>Table 9.6(b)</b>												
<b>Performance Conditions</b>	<b>Short-term Incentives</b>	<b>Long-term Incentives</b>											
Qualitative	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Marketing effort</li> <li>Implementation of better practices</li> </ol>	The Company is in the midst of finalising the performance conditions in relation to the long term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan)											
Quantitative	<ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol>												
(c) Were all of these performance conditions met? If not, what were the reasons?	The RC reviewed the performance of the Board and key management personnel based on its performance conditions in FY2017. The performance condition set by the RC in respect of the Group achieving a minimum profit before tax of RM5.0 million for FY2017 was not met hence there was no bonus for the Executive Directors of the Company. Some of the performance conditions for key management personnel were met hence resulting in the bonus payment.												



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>The Board with the concurrence of the Audit Committee, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2017.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Work performed by outsourced internal auditor and external auditor.</li> <li>2. Assurance has been received from the CEO and Chief Financial Officer ("CFO");</li> <li>3. Finance and accounting policies and Discretionary Authority Limit ("DAL") were established and approved by the Board;</li> <li>4. Availability of key policies on finance &amp; accounting (including DAL), investment, information technology and business continuity management;</li> <li>5. The Company outsourced its internal audit function to an external party who will report audit findings and recommendations directly to the AC;</li> <li>6. Key management personnel regularly evaluates, monitors and reports to the Executive Directors and AC (via periodic management meeting at individual business unit level) on material risks;</li> <li>7. An enterprise risk management framework was established to identify, assess and manage significant risks; and</li> <li>8. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels.</li> </ol> <p>Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2017.</p> <p>The Board has also relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on internal auditors' report issued to the Company for FY2017 as assurances that the Company's risk management and internal control systems are effective.</p>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
12.1 12.4	What is the role of the AC?	<p>All members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.</p> <p>The AC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> <li>• Review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board for approval;</li> <li>• Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal control system, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);</li> <li>• Review periodically management risk profiles identifying significant risk areas (with particular focus on financial reporting risks and controls);</li> <li>• Coordinate with the Executive Directors on its oversight of non-financial and financial risk management and internal control matters;</li> <li>• Arrange for access to and review reports regarding the adequacy and effectiveness of risk management and internal control systems;</li> <li>• Review the effectiveness and adequacy of the Group's internal audit function;</li> <li>• Review the scope and results of the external audit, and the independence and objectivity of the external auditors;</li> <li>• Make recommendations to the Board on proposals to shareholders on appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;</li> <li>• Review the system of internal controls and management of financial risks with internal and external auditors;</li> <li>• Review the co-operation given by management to external auditors and internal auditors, where applicable;</li> <li>• Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalyst Rules, including such amendments made thereto from time to time;</li> <li>• Review and approve interested person transactions and review procedures thereof;</li> <li>• Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;</li> <li>• Investigate any matters within its terms of reference;</li> <li>• Review the policy and arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and</li> <li>• Undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.</li> </ul>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC had met with the EA one (1) time and with the IA one (1) time in the absence of key management in FY2017.									
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed and is satisfied with the independence of the EA and has recommended the re-appointment of the EA at the forthcoming AGM.									
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table border="1"> <thead> <tr> <th colspan="3"><b>Table 12.6(a) – Fees Paid/Payable to the EA for FY2017</b></th> </tr> <tr> <th></th> <th><b>S\$</b></th> <th><b>% of total</b></th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td>66,000</td> <td>100%</td> </tr> </tbody> </table> <p>There were no fees paid to the EA for non-audit services for FY2017.</p>	<b>Table 12.6(a) – Fees Paid/Payable to the EA for FY2017</b>				<b>S\$</b>	<b>% of total</b>	Audit fees	66,000	100%
<b>Table 12.6(a) – Fees Paid/Payable to the EA for FY2017</b>											
	<b>S\$</b>	<b>% of total</b>									
Audit fees	66,000	100%									
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	<p>Not applicable.</p> <p>There were no non-audit services rendered for FY2017.</p>									
12.7	Does the Company have a whistleblowing policy?	<p>Yes. The Company's staff may, in confidence, raise concerns about possible improprieties on matters of financial reporting or other matters by submitting a whistleblowing report to the Lead Independent Director, Mr. Tan See Yin at his personal email address and mobile contact number which is set out in the whistleblowing policy document (that has been issued to all employees of the Group).</p> <p>Other than the employees of the Group, any other persons including any stakeholders of the Group, may also, in confidence, raise concern about the possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman at email address (tan_see_yin@yahoo.com). There was no reported incidents pertaining to whistleblowing for FY2017.</p>									

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2017, all members of AC received regular updates on changes and amendment to accounting standards from the EA and through attending training and seminars to enable the members of AC to keep abreast of such changes, and issues which have a direct impact on financial statements.
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Company has outsourced its internal audit function to an external party. The IA reports directly to the AC Chairman. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is able to discharge its duties effectively as the IA:</p> <ul style="list-style-type: none"> <li>• Is adequately qualified and staff assigned to the internal audit of the Company are key members of the Institute of Internal Auditors and it adheres to the standards set by internationally recognised professional bodies;</li> <li>• Is adequately resourced and led by a Director who has over 30 years of relevant experience in internal audit and governance reviews; and</li> <li>• Has the appropriate standing in the Company, given, <i>inter alia</i>, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.</li> </ul>
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Shareholder Rights</b>		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Communication with Shareholders</b>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following: <ul style="list-style-type: none"> <li>• An internal investor relations team whose contact details can be found in the corporate website of the Group; and</li> <li>• Investor/analyst briefing.</li> </ul>
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The investor briefing was coordinated by a dedicated external investor relations team. In addition, the Non-Executive Chairman and the two Executive Directors also met with investors as and when requested.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at "www.axcelasia.com".
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, the Directors will review and recommend any dividend declaration subject to, <i>inter alia</i> , the level of Group's cash and retained earnings, Group's actual and projected financial performance in the relevant financial period/year, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition and restrictions on payment of dividends imposed on the Company by financing arrangement (if any).  As disclosed in the Company's offer document dated 18 November 2015, the Company intends to recommend and distribute dividends of not less than 50% of our profit after tax to reward shareholders of the Company for participating in the Group's growth.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has not proposed a dividend for FY2017 as the Group reported a net loss. Accordingly, the Board wants to ensure that there are adequate resources for Company's growth strategies and to respond to any adverse changes in the macroeconomic environment.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Articles allow for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile).</p> <p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless due to exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by way of poll so as to better reflect shareholders' interest and ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting. The detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNet after the conclusion of the general meeting.</p> <p>All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request.</p>

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<u>Catalist Rule</u>	<u>Rule Description</u>	<u>Company's Compliance or Explanation</u>
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance Rules 712 and 715 of the Catalist Rules.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder, which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment in FY2017 based on the following:</p> <ul style="list-style-type: none"> <li>• Internal controls and the risk management system established by the Company;</li> <li>• Availability of key policies on finance &amp; accounting (including DAL), investment, information technology and business continuity management;</li> <li>• Work performed by the IA and EA;</li> <li>• Assurance from the CEO and CFO; and</li> <li>• On-going review by the Board Committees and key management personnel.</li> <li>• Risk appetite statements with tolerance limits have been approved by the Board.</li> </ul>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Company does not have a general mandate for IPTs. There were no IPTs with value of S\$100,000 or more transacted during FY2017.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2017.

# CORPORATE GOVERNANCE

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>																																		
<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>																																
1204(22)	Use of IPO Proceeds	<p>The net proceeds raised from the IPO, after deducting the cash expenses in relation to the IPO of approximately S\$1.3 million was approximately S\$7.58 million.</p> <p>The following table sets out the breakdown of the use of proceeds from the IPO as at 7 March 2018.</p> <table border="1"> <thead> <tr> <th><b>Purpose</b></th> <th><b>Amount allocated in the Offer Document (\$'000)</b></th> <th><b>Amount reallocated on 22 February 2017 (\$'000)</b></th> <th><b>Amount utilised as at 6 March 2018 (\$'000)</b></th> <th><b>Amount unutilised as at 6 March 2018 (\$'000)</b></th> </tr> </thead> <tbody> <tr> <td>Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services</td> <td>6,000</td> <td>4,000</td> <td>(1,842)</td> <td>2,158</td> </tr> <tr> <td>Enhance our Group's office and support infrastructure</td> <td>500</td> <td>500</td> <td>(118)</td> <td>382</td> </tr> <tr> <td>Working capital</td> <td>1,080</td> <td>3,080<sup>(2)</sup></td> <td>(2,237)<sup>(1)</sup></td> <td>843</td> </tr> <tr> <td>Listing expenses to be borne by our Company</td> <td>1,300</td> <td>1,300</td> <td>(1,300)</td> <td>–</td> </tr> <tr> <td><b>Total</b></td> <td><b>8,880</b></td> <td><b>8,880</b></td> <td><b>(5,497)</b></td> <td><b>3,383</b></td> </tr> </tbody> </table>			<b>Purpose</b>	<b>Amount allocated in the Offer Document (\$'000)</b>	<b>Amount reallocated on 22 February 2017 (\$'000)</b>	<b>Amount utilised as at 6 March 2018 (\$'000)</b>	<b>Amount unutilised as at 6 March 2018 (\$'000)</b>	Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,842)	2,158	Enhance our Group's office and support infrastructure	500	500	(118)	382	Working capital	1,080	3,080 <sup>(2)</sup>	(2,237) <sup>(1)</sup>	843	Listing expenses to be borne by our Company	1,300	1,300	(1,300)	–	<b>Total</b>	<b>8,880</b>	<b>8,880</b>	<b>(5,497)</b>	<b>3,383</b>
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		<p><b>Notes:</b></p> <p>(1) The amount of working capital was used for payment of salaries and office expenses.</p> <p>(2) The Company has re-allocated approximately S\$2 million that was initially allocated to expand business operations in Malaysia/ASEAN region and enhance range of professional services, to fund the working capital requirements of the Company for operating expenses.</p>																																



# SUSTAINABILITY REPORT

## Sustainability Statement

Axcelasia Inc (“Axcelasia”) is committed to optimising the environmental, economic and social impact of its activities and the Group is pleased to share its efforts in this report. We are guided by the Global Reporting Initiatives (“GRI”) standards (2016) and have identified material sustainability matters based on our primary risks and opportunities. We selected key material sustainability matters from a range of key factors that could have significant impact on our ability to deliver sustainably to our shareholders and key stakeholders. We prioritise and present those matters that could have the greatest relevance and highest potential impact to our business and relationship with stakeholders.

This is our first sustainability report and covers the period from 1 January 2017 to 31 December 2017. The information in this report covers our results and performance in the areas of environment, employment, training and education, diversity and equal opportunity and local communities. Axcelasia’s efforts in improving sustainability initiatives are diverse and continuous, and we look forward to improving these efforts in the coming years.

Given that this is our first sustainability report, Axcelasia does not have any specific targets in place for every area mentioned in the report. However, we are working to address this as steps are being taken to establish and capture more accurate baseline information. Accordingly, the process of target setting is deferred until such time when adequate data is available.

## Reporting Structure

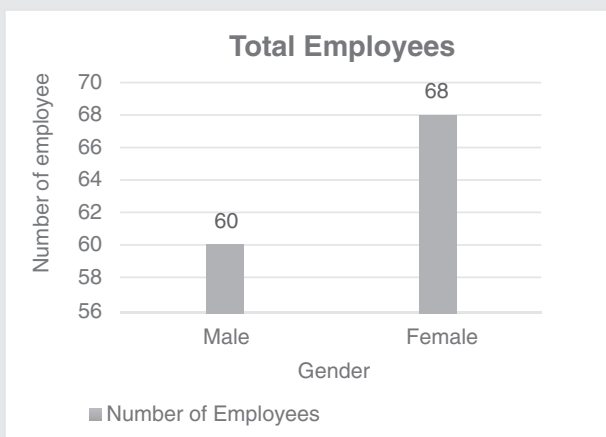
Our sustainability strategy is developed and directed by the senior management of the Company in consultation with the Board of Directors. The team led by the CEO is tasked to, among others, develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets.

## Material Environmental, Social and Governance Factors (“ESG”)

The Group’s senior management was in identifying the material ESG factors for FY2017 which are deemed material to the Group’s business and stakeholders.

The material ESG factors that are applicable to our Group are as follows:

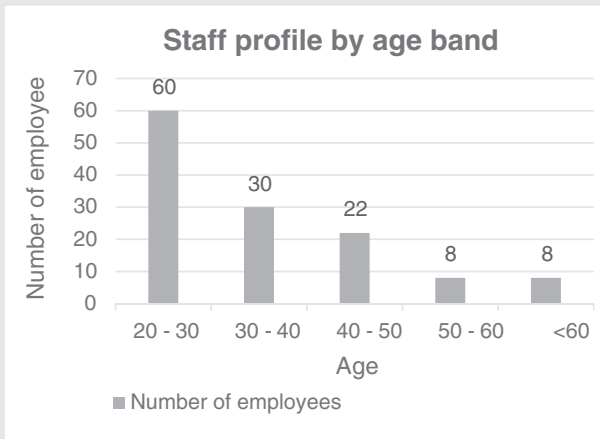
- i) Employment
  - ii) Diversity and equal opportunity
  - iii) Training and education
  - iv) Local communities
  - v) Environment
- 
- i) Employment



# SUSTAINABILITY REPORT

Service is key to our strategy and people are a central component to the achievement of our business strategies. Recognising this, we strive to provide a good working environment that respects and embraces diversity and enables our employees to achieve their personal and professional career objectives.

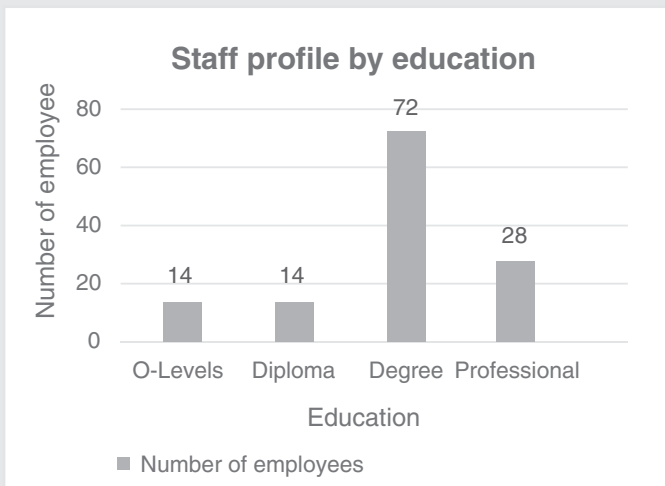
## ii) Diversity and equal opportunity



We take cognisance of the need to create a working environment that promotes diversity and inclusiveness in Axcelasia. To drive this, our efforts in employing female employees have been intensified and our current female to male ratio numbering 0.53: 0.47.

92% of our staff are experienced staff and the age profile ranges from 20 to 70. Our employee education profile ranges from staff having professional accounting qualifications to O-level qualifications. We do encourage our staff to upskill through our learning and development programmes.

## iii) Training and education



# SUSTAINABILITY REPORT

Axcelasia conducts trainings internally for all employees within the firm to keep all employees abreast with the latest professional standards covering tax, accounting, legal and business operation. Throughout the financial year, we held a total of 64 training sessions for our employees representing 0.4% of our total expenses. New employees are briefed on the firm's policies during the orientation programmes and we provide on-the-job trainings continuously through mentoring and guidance for all new employees.

Programs for upgrading employee skills allow Axcelasia to plan skills acquisition that equips employees to meet our strategic objectives. Higher skilled employees enhance our human capital and contribute to employees' satisfaction which correlates directly to improved performance. The type of training includes soft skills such as negotiation, listening and public speaking; technical skills such as internal auditing, tax programmes for ASEAN countries, accounting standards such as IFRS and corporate finance.

Apart from internal trainings, the Group also encourages staff to attend external training sessions such as seminars and conferences where they can obtain an understanding of the latest developments in taxation, accounting and business operations.

All employees in the group are encouraged to observe a work life balance, where they are encouraged to adhere to the working hours of the organisation. This is conducted through educating employees about proper time management. The balanced work life approach has improved the staff retention significantly, apart from reducing the burnout rate among employees.

The management team of Axcelasia engages with all employees of the Group on a regular basis to ensure that all concerns of employees are addressed on a timely basis. This is essential in order to create a better working environment. The engagement is usually done on a departmental basis between the management team and the junior employees. Once a year, the Group conducts strategy sessions where the heads of the various business units meet to brief the entire Group about the strategy, goals and budgets. Analysis of the historical results are also shared with all employees of the Axcelasia Group.

#### iv) Local communities

Axcelasia was involved in some charitable projects where certain activities were organised at an under-privileged children home in line with the festive events. Donations and presents were collected from the departments and given to the home. This enabled the children to celebrate the occasions and create special memories.

#### v) Environment

In 2017, efforts were undertaken to reduce our travel consumption and indirectly reduce carbon emission. As part of the initiative, we encourage our employees to use technology such as tele-conference, e-mails, and direct travel to the premises of clients. We had also reduced our use of papers by subscribing for cloud service from Microsoft 365 which enables online access of our project files and documents rather than having to print copies of documents.

# SUSTAINABILITY REPORT

## Corporate Governance

A high standard of corporate governance is integral in ensuring sustainability of the Group's business, apart from safeguarding shareholders interest and maximising long term shareholder value.

The Company's corporate governance matters are covered in the disclosure table of the annual report in compliance to the code of corporate governance 2012 and catalist rules, which form the Board's governance framework. This document outlines the role of the Board, diversity within the Board and key governance practices.

In addition, our Board takes an active role in Board succession planning and refreshment, and works toward creating a balanced Board with fresh perspectives, age, gender and ethnic diversity, and deep experience. One third of our Board members are women and 50% of our Board members consist of independent directors.

The Company is committed to the highest possible standards of ethical, moral, and legal conduct. Consistent with this commitment, the Company has in place a whistleblowing policy which aims to support good management practices and sound corporate governance practices. This policy aims to provide a structured mechanism for staff and others to raise or report concerns about ongoing or suspected wrongful activities or wrongdoings to provide reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith.

## Board Statement

The Board reaffirms our commitment to sustainability with the publication of our first sustainability report guided by the Global Reporting Initiative ("GRI") Standards (2016). The Board has been involved in developing the content of this sustainability report, including the development of material ESG factors. As a professional service provider, while mindful of its profit oriented objective, the Company is committed to achieve balance between growth, profit, governance, environment and the well-being of our communities to secure long term performance and growth. We will continue to monitor, review and update our material ESG factors from time to time, and improve on our sustainability reporting to create value for our shareholders and various stakeholders.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 54 to 101 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Dr. Veerinderjeet Singh A/L Tejwant Singh  
Dato' Tang Swee Guan  
Ranjit Singh A/L Taram Singh  
Tan See Yin  
Datin Isharidah Binti Ishak  
Lee Pih Peng

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options/share awards" in this statement.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director			Holdings in which the directors are deemed to have an interest		
	As at	As at	As at	As at	As at	As at
	<u>21.1.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>	<u>21.1.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
Company (No. of ordinary shares)						
Dr. Veerinderjeet Singh A/L Tejwant Singh	23,932,500	25,132,500	23,367,500	900,000	900,000	900,000
Dato' Tang Swee Guan	37,852,700	39,052,700	34,552,700	3,444,000	3,444,000	3,444,000
Ranjit Singh A/L Taram Singh	40,728,960	40,728,960	36,518,660	—	—	—

Dr Veerinderjeet Singh A/L Tejwant Singh, Dato' Tang Swee Guan and Ranjit Singh A/L Taram Singh are deemed to have interest in shares of all the Company's subsidiary corporations at the end of the financial year.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## Share options/share awards

### THE AXCELASIA EMPLOYEE SHARE OPTION SCHEME

In conjunction with the Company's listing on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group adopted the Axcelasia Employee Share Option Scheme ("ESOS") which was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 21 October 2015. The ESOS is administered by a committee comprising of members of the Nomination Committee and the Remuneration Committee (the "Administration Committee"). The ESOS provides for the grant of share options ("Options") to employees and Directors ("ESOS participants").

The selection of the ESOS participants and number of shares which are subject of each Option to be granted to an ESOS participant in accordance with the ESOS shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the ESOS, the number of shares over which the Administration Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the ESOS (including the Axcelasia Performance Share Plan and any other share option scheme of the Company) shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the first anniversary of the offer date of that Option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options granted with exercise price set at a discount to market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the second anniversary from the offer date of that option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in the Group and the parent company, the bankruptcy of the participant, the death of the participant, a take-over of the Company, and the winding-up of the Company.

There were no options granted to the employees and Directors from the commencement of the ESOS up to the end of the financial year.

No options have been granted to controlling shareholders of the Company and their associates under the ESOS from the commencement of the ESOS up to the end of the financial year.

None of the ESOS participants received 5% or more of the total number of options available under the ESOS.

There were no options being exercised during the financial year.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## Share options/share awards (continued)

### THE AXCELASIA EMPLOYEE SHARE OPTION SCHEME (continued)

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares under Option in the Company or its subsidiary corporations as at the end of the financial year.

### THE AXCELASIA PERFORMANCE SHARE PLAN

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group adopted the Axcelasia Performance Share Plan ("PSP") which was approved by its shareholders at the EGM held on 21 October 2015. The PSP is administered by the Administration Committee. The PSP provides for the grant of incentive share awards ("Awards") to employees and Directors ("PSP participants").

The selection of the PSP participants and number of shares which are subject of each Award to be granted to a PSP participant in accordance with the PSP shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of shares issued and issuable in respect of (a) all Awards granted under the PSP; and (b) all options granted under any share option, shares incentive, performance share or restricted plans of the Company, and for the time being in force, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

The PSP allows for the participation by full-time employees of the Group (including the Executive Directors) and Non-executive Directors (including Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Controlling shareholders of the Company and their associates will not be eligible to participate in the PSP.

Notwithstanding that a PSP participant may have met his performance targets, no Awards shall be vested:

- (i) When a PSP participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of a company in the Group or in the event the company by which the PSP participant is employed ceases to be a company in the Group;
- (ii) When a PSP participant, being a Non-executive Director, ceasing to be a director of a company in the Group, for any reason whatsoever;
- (iii) Upon the bankruptcy of the PSP participant;
- (iv) Upon ill health, injury or death of a PSP participant;
- (v) When a PSP participant committing any breach of any of the terms of his Award;
- (vi) Upon misconduct on the part of a PSP participant as determined by the Administration Committee in its discretion;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## Share options/share awards (continued)

### THE AXCELASIA PERFORMANCE SHARE PLAN (continued)

- (vii) When a general offer being made of all or any part of the Shares;
- (viii) When a scheme of arrangement or compromise between the Company and the Shareholders being sanctioned by the Court;
- (ix) When an order for the compulsory winding-up of the Company being made;
- (x) When a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (xi) Upon any other event unless approved by the Administration Committee.

There were no share awards granted pursuant to the PSP from the commencement of the PSP up to the end of the financial year.

## Audit committee

The Audit Committee comprises the following members, who are all non-executive directors and independent directors.

Tan See Yin (Chairman)  
Datin Isharidah Binti Ishak  
Lee Pih Peng

The Audit Committee's terms of reference are as follows:

- a. Review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements so as to ensure the integrity of the financial statements of our Group and any announcements relating to our Group's financial performance before submission to our Board for approval;
- b. Review and report to our Board at least annually the adequacy and effectiveness of our Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- c. Review periodically management risk profiles identifying significant risk area (with particular focus on financial reporting risk and controls);
- d. Coordinate with the Executive Directors on its oversight of non-financial and financial risk management and internal control matters;
- e. Arrange for access to and review reports regarding the adequacy and effectiveness of risk management and internal control systems;



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## **Audit committee (continued)**

- f. Review the effectiveness and adequacy of our Group's internal audit function;
- g. Review the scope and results of the external audit, and the independence and objectivity of the independent auditor;
- h. Make recommendations to our Board on the proposals to the shareholders on appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor;
- i. Review the system of internal controls and management of financial risks with our internal and independent auditor;
- j. Review the co-operation given by our management to our independent auditor and our internal auditors, where applicable;
- k. Review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;
- l. Review and approve interested person transactions and review procedures thereof;
- m. Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- n. Investigate any matters within its terms of reference;
- o. Review the policy and arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- p. Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. There were no non-audit services rendered for the financial year ended 31 December 2017.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Nexia TS Public Accounting Corporation, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
Dato' Tang Swee Guan  
Director

.....  
Ranjit Singh A/L Taram Singh  
Director

**6 March 2018**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Axcelasia Inc. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 54 to 101.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p><b>Revenue recognition</b></p> <p>The Group earns its revenue through rendering of professional services and licensing of software. For rendering of professional services, the timing of revenue recognition differs for each type of professional service provided by the Group, being based on the respective contracts' billing terms.</p> <p>In certain instances, revenue is recognised upon issuance of sales invoices raised upon delivery of final reports or equivalent deliverables. In other cases, revenue is recognised based on billing milestones according to the contract terms.</p>	<p>We reviewed the contracts' billing terms relating to the respective services rendered to assess the appropriateness of the Group's revenue recognition policy.</p> <p>We performed audit procedures on revenue transactions taking place within a pre-determined period before and after year end to ensure that revenue was recognised in the relevant accounting period.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
<p><b>Revenue recognition (continued)</b></p> <p>The accounting policies for revenue recognition are set out in Note 2.2 to the financial statements and the different revenue streams for the Group have been disclosed in Note 4 to the financial statements.</p>	<p>We tested samples of invoices raised during the financial year to engagement letters, correspondences and/or other supporting documents for accuracy of revenue recognised.</p> <p>Based on the procedures performed, we concluded revenue is recognised in accordance with the Group's accounting policies.</p> <p>We also assessed the adequacy of revenue disclosures contained in Note 26 to the financial statements, namely information by reportable segments and geographical information.</p>
<p><b>Impairment of trade receivables</b></p> <p>The allowance for impairment of trade receivables is considered to be a key audit matter because of the significant judgements applied, subjective assumptions used by management and the related estimation uncertainty involved in determining the adequacy of impairment loss for individual debtors.</p> <p>The significance of this is further elevated by the current overall economic outlook in Malaysia and in the region, which has increased the risk of default of the Group's customers.</p> <p>The carrying amount of trade receivables at the end of the financial year was RM 6.3 million. This represents 18% of the Group's total assets.</p> <p>Trade receivables overdue for more than 90 days, representing 19% of total trade receivables as at 31 December 2017, are monitored by management by considering historical loss experience, credit profile of the debtors as well as any internally and publicly available information that will cause management to believe that the respective debtors will default in settlement.</p> <p>The accounting policies for impairment of trade receivables are set out in Note 2.8 (e) to the financial statements.</p>	<p>We evaluated the adequacy of allowance for impairment and trade receivables written off by carrying out the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Substantively tested the aging of trade receivables and reviewed the credit history of the debtors.</li> <li>• Reviewed and challenged management's documented assessment of the collectability of debtors' balances as at 31 December 2017.</li> <li>• Assessed the recoverability of outstanding trade receivables with significant balances more than 90 days by comparing management's views of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with obtaining evidence for cash received subsequent to year end for its effect in reducing amounts outstanding at year end.</li> <li>• Corroborated this assessment by obtaining supporting documents such as correspondences with the respective debtors and letters of demand sent to slow-paying debtors to determine whether payments will be made by debtors.</li> </ul> <p>Overall, the results of our evaluation on the Group's allowance for impairment of trade receivables are consistent with management's assessment.</p> <p>We also assessed the adequacy and appropriateness of the Group's disclosures on the allowance for impairment of trade receivables and the related credit risk disclosures in Note 24 (b) to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
<p><b>Impairment assessment on goodwill</b></p> <p>The Group has a significant amount of goodwill arising from the acquisition of Audex Governance Sdn. Bhd. on 1 April 2017. As at 31 December 2017, the carrying value of the goodwill amounted to RM 2.13 million. This represent 6% of the Group's total assets.</p> <p>Goodwill is assessed for impairment annually irrespective of whether there is any indication that the goodwill may be impaired.</p> <p>The management applies the value-in-use method to determine the recoverable amount of the cash-generating unit ("CGU") in which goodwill is attributed to. The recoverable amount of the goodwill is highly dependent on management's forecasts and estimates which includes, but not limited to, discount rate and growth rates in revenue and cost of services rendered.</p> <p>The accounting policies for impairment assessment on goodwill are set out in Note 2.7(a) to the financial statements.</p>	<p>With the assistance of our internal valuation specialist, we have evaluated the model used by management to determine the recoverable amount of goodwill as follows:</p> <ul style="list-style-type: none"> <li>We analysed the future discounted cash flows used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU.</li> <li>We evaluated the reasonableness and challenged the appropriateness of key assumptions used by the management, by comparing them against internal information relating to the CGU and/or publicly available market data.</li> </ul> <p>We also assessed the appropriateness of disclosures contained in Note 14 to the financial statements.</p>

## Other information

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

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

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

## Responsibility of Management and Directors of the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## *Responsibility of Management and Directors of the Financial Statements (continued)*

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

The directors' responsibilities include overseeing the Group's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Loh Ji Kin.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**

**6 March 2018**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Revenue	4	22,069,261	16,175,083
Other gains – net	5	768,777	384,481
Expenses			
– Depreciation of property, plant and equipment	13	(523,501)	(341,965)
– Employee compensation	6	(17,391,403)	(12,432,158)
– Referral fees and research charges		(57,647)	(26,861)
– Rental on operating lease and maintenance		(1,532,839)	(1,102,492)
– Subcontractors' fee		(291,094)	(2,079,462)
– Other expenses	7	(3,649,142)	(3,659,357)
Total expenses		<u>(23,445,626)</u>	<u>(19,642,295)</u>
Loss before income tax		(607,588)	(3,082,731)
Income tax expense	8	(781,386)	(306,907)
<b>Net loss</b>		<u><b>(1,388,974)</b></u>	<u><b>(3,389,638)</b></u>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– (Losses)/gains	20	(15,184)	72,053
<b>Total comprehensive loss</b>		<u><b>(1,404,158)</b></u>	<u><b>(3,317,585)</b></u>
<b>Loss attributable to:</b>			
Equity holders of the Company		(761,312)	(3,132,322)
Non-controlling interests		(627,662)	(257,316)
		<u><b>(1,388,974)</b></u>	<u><b>(3,389,638)</b></u>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(773,638)	(3,080,061)
Non-controlling interests		(630,520)	(237,524)
		<u><b>(1,404,158)</b></u>	<u><b>(3,317,585)</b></u>
<b>Loss per share for loss attributable to equity holders of the Company (cents per share)</b>			
– Basic	9	(0.47)	(1.95)
– Diluted	9	(0.47)	(1.95)

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Current assets</b>					
Trade and other receivables	10	7,271,230	5,189,710	275,231	458,581
Income tax recoverable	11	632,901	1,028,370	–	–
Cash and cash equivalents	12	22,926,910	25,327,631	13,797,018	20,378,405
		<b>30,831,041</b>	31,545,711	<b>14,072,249</b>	20,836,986
<b>Non-current assets</b>					
Property, plant and equipment	13	1,346,643	1,636,305	215,631	282,872
Goodwill	14	2,130,000	–	–	–
Investments in subsidiary corporations	15	–	–	10,263,680	6,262,583
		<b>3,476,643</b>	1,636,305	<b>10,479,311</b>	6,545,455
<b>Total assets</b>		<b>34,307,684</b>	33,182,016	<b>24,551,560</b>	27,382,441
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	3,871,925	1,821,841	227,513	309,203
Current tax liabilities		273,282	12,418	–	–
		<b>4,145,207</b>	1,834,259	<b>227,513</b>	309,203
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	12,001	13,801	–	–
<b>Total liabilities</b>		<b>4,157,208</b>	1,848,060	<b>227,513</b>	309,203
<b>NET ASSETS</b>		<b>30,150,476</b>	31,333,956	<b>24,324,047</b>	27,073,238
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	19	27,817,984	27,817,984	27,817,984	27,817,984
Merger reserve		(2,691,859)	(2,691,859)	–	–
Other reserve	20	46,160	52,261	–	–
Retained profits/(accumulated losses)	21	4,852,845	5,775,999	(3,493,937)	(744,746)
		<b>30,025,130</b>	30,954,385	<b>24,324,047</b>	27,073,238
<b>Non-controlling interests</b>	15	<b>125,346</b>	379,571	–	–
<b>TOTAL EQUITY</b>		<b>30,150,476</b>	31,333,956	<b>24,324,047</b>	27,073,238

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to the equity holders of the Company				Total	Non- controlling interests	Total equity
	Share capital RM	Merger reserve RM	Other reserve RM	Retained profits <sup>(1)</sup> RM			
<b>Balance at 1 January 2017</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>52,261</b>	<b>5,775,999</b>	<b>30,954,385</b>	<b>379,571</b>	<b>31,333,956</b>
Total comprehensive loss for the year	-	-	(12,326)	(761,312)	(773,638)	(630,520)	(1,404,158)
Acquisition of subsidiary corporation	-	-	-	-	-	397,112	397,112
Acquisition of additional equity interest in subsidiary corporation	-	-	6,225	(161,842)	(155,617)	(20,817)	(176,434)
<b>Balance at 31 December 2017</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>46,160</b>	<b>4,852,845</b>	<b>30,025,130</b>	<b>125,346</b>	<b>30,150,476</b>
<b>Balance at 1 January 2016</b>	27,817,984	(2,691,859)	-	8,908,321	34,034,446	23,795	34,058,241
Total comprehensive income/(loss) for the year	-	-	52,261	(3,132,322)	(3,080,061)	(237,524)	(3,317,585)
Incorporation of subsidiary corporations	-	-	-	-	-	544,300	544,300
Acquisition of subsidiary corporation	-	-	-	-	-	49,000	49,000
<b>Balance at 31 December 2016</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>52,261</b>	<b>5,775,999</b>	<b>30,954,385</b>	<b>379,571</b>	<b>31,333,956</b>

(1) Retained profits net of merger reserve and other reserve of the Group are distributable.

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
<b>Cash flows from operating activities</b>			
Net loss		(1,388,974)	(3,389,638)
Adjustments for:			
– Income tax expense	8	781,386	306,907
– Depreciation of property, plant and equipment	13	523,501	341,965
– Interest income	5	(519,228)	(637,380)
– Property, plant and equipment written off	5	2,432	5,130
– Loss on disposal of property, plant and equipment	5	10,245	–
– Goodwill written off	7	–	13,941
– Provision for repayment of government grant	7	14,517	184,735
– Unrealised currency translation difference		36,941	133,107
		<b>(539,180)</b>	<b>(3,041,233)</b>
Changes in working capital:			
– Trade and other receivables		(1,057,767)	1,574,454
– Trade and other payables		226,548	(382,735)
Cash (used in)/generated from operations		<b>(1,370,399)</b>	1,849,514
Interest received		80,387	31,138
Income tax refund/(paid)		47,801	(1,917,234)
<b>Net cash used in operating activities</b>		<b>(1,242,211)</b>	<b>(3,735,610)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary corporation, net of cash	27	(2,350,072)	(13,941)
Acquisition of additional equity interest in subsidiary corporation		(176,434)	–
Additions to property, plant and equipment	13	(260,293)	(525,145)
Development cost in progress		–	(344,345)
Disposal of property, plant and equipment		28,004	–
Interest received		519,228	444,956
<b>Net cash used in investing activities</b>		<b>(2,239,567)</b>	<b>(438,475)</b>
<b>Cash flows from financing activities</b>			
Acquisition of subsidiary corporation by non-controlling interests		397,112	593,300
Placement of fixed deposit pledged	12	–	(45,000)
<b>Net cash provided by financing activities</b>		<b>397,112</b>	<b>548,300</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,084,666)</b>	<b>(3,625,785)</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		25,282,631	28,982,149
Effects of currency translation on cash and cash equivalents		(39,677)	(73,733)
<b>End of financial year</b>	12	<b>22,158,288</b>	<b>25,282,631</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

## I CORPORATE INFORMATION

### The Company

Axcelasia Inc (the "Company") is listed on Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated in Labuan under Labuan Companies Act. The address of its registered office is at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 Federal Territory of Labuan. The principal place of business is located at 13A.02, Level 13A, Wisma Goldhill, 67 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations are disclosed in Note 15.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are presented in Ringgit Malaysia ("RM") except otherwise indicated.

#### ***Interpretations and amendments to published standards effective in 2017***

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented, net of good and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Rendering of services*

The provision of management consultancy services, corporate and personal income taxes, corporate secretarial, accounting, payroll and administrative support outsourcing services are recognised as and when the services are rendered.

(b) *Licensing of software*

The licensing of computer software are recognised when the software is delivered.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(ii) *Acquisitions (continued)*

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporation is taken to merger reserve.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

#### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporations are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Computers	5 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5 -10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the consolidated financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains – net".

### 2.6 Intangible assets

*Goodwill*

Goodwill on acquisitions of subsidiary corporation and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporation is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporation include the carrying amount of goodwill relating to the entity sold.

### 2.7 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Impairment of non-financial assets (continued)

- (b) *Property, plant and equipment*  
*Investments in subsidiary corporations*

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.8 Financial assets

- (a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

At the end of the financial year, the Group does not hold any of the financial assets except loans and receivables.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 10) and "cash and cash equivalents" (Note 12) on the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

*Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.11 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.12 Leases

*When the Group is the lessee*

The Group leases office premises under operating leases from non-related parties.

*Lessee – Operating lease*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

### 2.13 Financial guarantee

One of the subsidiary corporations has pledged a fixed deposit to the bank to obtain a bank guarantee for one of its fellow subsidiary corporation in respect of a binding contract with its customer. This is a financial guarantee as it requires the subsidiary corporation to reimburse the bank if the fellow subsidiary corporation fails to meet the requirements in the binding contract.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Group's statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.15 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employees' Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan for its employees. Employee services received in exchange for the grant of the options/shares are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions; and
- Excluding the impact of any vesting conditions.

Non-market vesting conditions are included in the assumptions on the number of options/shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of options/shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the fair value is credited to share capital with corresponding debit to reserve previously recognised.

### 2.17 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Currency translation (continued)

#### (b) *Transactions and balances (continued)*

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains or losses impacting profit or loss are presented in the income statement within "other gains – net".

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) *Translation of Group entities' financial statements*

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.21 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

### 3.1 Critical accounting estimates and assumptions

#### (a) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. At the reporting date, management has assessed that no allowance for impairment is required for the trade receivables. As at 31 December 2017, the write off of trade receivables is RM19,341 (2016: RM185,690). The carrying amounts of trade receivables at the end of each financial year are disclosed in Note 10.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due trade receivables, the allowance for impairment of the Group for the financial year ended 31 December 2017 would have been higher by RM432,000 (2016: RM247,000).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### 3.1 Critical accounting estimates and assumptions (continued)

(b) *Estimated impairment of goodwill*

As at 31 December 2017, the Group has a goodwill of RM2,130,000 in its statement of financial position.

In performing the impairment assessment of the carrying amount of its goodwill, as disclosed in Note 14, the recoverable amount of the CGU in which the goodwill has been attributable to is determined using value-in-use ("VIU") calculation.

Significant judgments are used to estimate the revenue growth, pre-tax weighted average cost of capital and terminal growth rates applied in computing the recoverable amount of the CGU. In making these estimates, management has relied on the CGU's actual performance for the financial year ended 31 December 2017. Specific estimates are disclosed in Note 14.

If the estimated revenue growth used in the VIU calculation had been 10% lower than management's estimates, the recoverable amount would have been lower by RM480,000.

If the estimated pre-tax weighted average cost of capital used had been 1% higher than management's estimates, the recoverable amount would have been lower by RM365,000.

If the estimated terminal growth rate applied to the discounted cash flows for the CGU has been 1% lower than management's estimates, the recoverable amount would have been lower by RM248,000.

## 4 REVENUE

	Group	
	2017 RM	2016 RM
Services rendered	21,545,038	15,789,673
License of software	524,223	385,410
	<b>22,069,261</b>	<b>16,175,083</b>

## 5 OTHER GAINS/(LOSSES) – NET

	Group	
	2017 RM	2016 RM
Interest income		
– Bank deposits	42,768	31,138
– Fixed deposits	476,460	606,242
Trade receivables written back	93,640	–
Rental income	31,320	–
Waiver of debts by non-controlling shareholder	169,865	–
Realised foreign exchange gain/(loss), net	965	(378,537)
Unrealised foreign exchange (loss)/gain, net	(70,377)	97,868
Loss on disposal of property, plant and equipment	(10,245)	–
Property, plant and equipment written off	(2,432)	(5,130)
Sundry income	36,813	32,900
	<b>768,777</b>	<b>384,481</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 6 EMPLOYEE COMPENSATION

	Group	
	2017 RM	2016 RM
Salaries and bonus	14,978,728	10,661,581
Employer's contribution to defined contributions plan	1,926,773	1,465,727
Other short-term benefits	485,902	304,850
	<b>17,391,403</b>	<b>12,432,158</b>

## 7 OTHER EXPENSES

	Group	
	2017 RM	2016 RM
Accommodation	17,234	31,613
Advertising and promotion	22,878	201,482
Fees on audit services paid/payable to:		
– Auditor of the Company	177,292	156,550
– Other auditors	22,800	40,500
Trade receivables written off	19,341	185,690
Amount owing from director of a subsidiary corporation written off	188,965	–
Conference expenses	35,932	106,526
Entertainment	26,931	27,240
Insurance	145,706	151,147
Internal audit fee	15,000	15,000
Petrol, toll and parking	93,081	59,588
Printing and stationery	168,337	155,175
Postage and courier	29,218	30,110
Seminar and training expenses	102,619	72,261
Share of administration expenses	75,250	76,555
Subscription fee	179,809	194,008
Telephone, fax and internet	77,824	69,744
Travelling expenses	275,383	505,228
Continuing sponsorship fee	284,444	286,934
Direct expenses	751,196	191,370
Consultancy services	33,498	139,140
Penalty	11,705	110,548
Provision for repayment of government grant	14,517	184,735
Secretarial and filing fee	83,172	70,275
Goodwill written off	–	13,941
Stamp duty	10,262	30,115
Utilities	58,168	41,703
Directors' fee	190,180	237,948
Legal	154,027	5,909
Search fee	79,545	44,258
Listing fee	46,398	44,320
Others	258,430	179,744
	<b>3,649,142</b>	<b>3,659,357</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 8 INCOME TAXES

	Group	
	2017 RM	2016 RM
Tax expense attributable to loss is made up of:		
Income tax expense		
– Current year provision	795,950	220,000
– (Over)/under provision in prior year	<b>(12,764)</b>	92,946
	<b>783,186</b>	312,946
Deferred income tax		
– Over provision in prior year (Note 18)	<b>(1,800)</b>	(6,039)
	<b>781,386</b>	306,907

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Malaysia standard rate of income tax is as follows:

	Group	
	2017 RM	2016 RM
Loss before tax	<b>(607,588)</b>	(3,082,731)
Tax calculated at tax rate of 24% (2016: 24%)	<b>(145,821)</b>	(739,855)
Effects of:		
– Different tax rates in other countries	<b>(38,672)</b>	(64,946)
– Effect of non-taxable income	<b>(13,068)</b>	(11,869)
– Expenses not deductible	<b>803,114</b>	848,966
– Tax incentives	<b>(326,158)</b>	(136,121)
– Deferred tax asset not recognised	<b>548,591</b>	327,265
– Utilisation of previously unrecognised deferred tax asset	<b>(27,120)</b>	–
– (Over)/under provision of income tax in prior year	<b>(12,764)</b>	92,946
– Over provision of deferred income tax in prior year	<b>(1,800)</b>	(6,039)
– Other	<b>(4,916)</b>	(3,440)
Tax charge	<b>781,386</b>	306,907

### Pioneer Status

On 21 September 2012, Axcelasia Global Business Services Sdn. Bhd. ("AGBS") was granted Multimedia Super Corridor ("MSC") status. The MSC status will entitle AGBS for pioneer status under the Promotion of Investments Act 1986. The AGBS has applied for the commencement of pioneer status and obtained the approval from the Ministry of International Trade and Industry Malaysia. The pioneer status has commenced on 1 March 2014 and will expire on 28 February 2019. As at 31 December 2017, AGBS has tax exempt profits available for distribution of approximately RM2,406,000 (2016: RM1,148,000) subject to agreement with Inland Revenue Board.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 8 INCOME TAXES (CONTINUED)

### Pioneer Status (continued)

In November 2012, Axcelasia Softnex Sdn. Bhd. received MSC status and is therefore exempted from paying tax for a period of five years commencing from 2 January 2013. Hence, there is no tax charge for the financial year under audit.

At the date of the statement of financial position, the Group had unabsorbed tax losses of approximately RM3,273,000 (2016: RM1,093,000), that are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiary corporations operate. Deferred tax assets have not been recognised in respect of unabsorbed tax losses, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses have no expiry date.

## 9 LOSS PER SHARE

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Loss attributable to equity holders of the Company	<u>(761,312)</u>	<u>(3,132,322)</u>
Weighted average number of ordinary shares for basic earnings per share	<u>160,320,000</u>	<u>160,320,000</u>
Basic loss per share (cents per share)	<u>(0.47)</u>	<u>(1.95)</u>
Diluted loss per share (cents per share)	<u>(0.47)</u>	<u>(1.95)</u>

### (a) Basic loss per share

Basic loss per ordinary share amounts are calculated by dividing net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

### (b) Diluted earnings per share

For the purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and weighted average number of ordinary shares outstanding are adjusted for the effects of all diluted potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

As loss was recorded in the financial years ended 31 December 2017 and 2016, any dilutive potential shares from shares to be issued and performance shares are anti-dilutive and no change is made to the diluted loss per share.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables – non-related parties	<b>6,321,416</b>	4,301,303	–	–
Other receivables				
– Non-related parties	<b>11,300</b>	238,022	–	192,458
– Subsidiary corporations	–	–	<b>132,724</b>	45,330
Deposits	<b>652,153</b>	410,404	<b>51,496</b>	49,074
Prepayments	<b>82,676</b>	65,834	–	–
Amount due from non-controlling interests	<b>109,925</b>	–	–	–
Accrued interest receivable	<b>93,760</b>	174,147	<b>91,011</b>	171,719
	<b>7,271,230</b>	5,189,710	<b>275,231</b>	458,581

Amounts due from subsidiary corporations and non-controlling interests are unsecured, interest-free and repayable on demand.

## 11 INCOME TAX RECOVERABLE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax recoverable	<b>632,901</b>	1,028,370	–	–

Income tax recoverable relates to amounts expected to be recovered from the tax authority for overpayment made during the financial year.

## 12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at bank and on hand	<b>8,994,888</b>	7,933,947	<b>2,019,212</b>	4,098,277
Bank deposits	<b>13,932,022</b>	17,393,684	<b>11,777,806</b>	16,280,128
	<b>22,926,910</b>	25,327,631	<b>13,797,018</b>	20,378,405

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 12 CASH AND CASH EQUIVALENTS (CONTINUED)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2017 RM	2016 RM
Cash and bank balances (as above)	22,926,910	25,327,631
Less:		
– Bank deposits pledged <sup>(a)</sup>	(45,000)	(45,000)
– Bank balances restricted <sup>(b)</sup>	(723,622)	–
Cash and cash equivalents per consolidated statement of cash flows	<u>22,158,288</u>	<u>25,282,631</u>

(a) Bank deposits are pledged as security for a bank guarantee (Note 22).

(b) Bank balances are restricted in use as these were kept by a subsidiary corporation on behalf of one of its clients for the purpose of making repayment to the client's claimant.

### Acquisition of subsidiary corporation

Please refer to Note 27 for the effect of acquisition of subsidiary corporation on the cash flows of the Group.

## 13 PROPERTY, PLANT AND EQUIPMENT

	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>					
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	1,881,378	478,897	145,997	398,951	2,905,223
Currency translation differences	(1,785)	(2,945)	(522)	(9,722)	(14,974)
Arising from business combination	726,680	30,746	85,800	–	843,226
Additions	136,019	502	11,593	112,179	260,293
Write off	(570,247)	(20,324)	(38,836)	–	(629,407)
Disposal	(10,536)	(34,903)	(44,686)	(6,189)	(96,314)
At 31 December 2017	<u>2,161,509</u>	<u>451,973</u>	<u>159,346</u>	<u>495,219</u>	<u>3,268,047</u>
<b>Accumulated depreciation</b>					
At 1 January 2017	786,366	241,580	98,455	142,517	1,268,918
Currency translation differences	(240)	(132)	(38)	(2,116)	(2,526)
Arising from business combination	706,742	30,707	79,102	–	816,551
Depreciation charge	366,690	76,529	20,772	59,510	523,501
Write off	(568,641)	(20,293)	(38,041)	–	(626,975)
Disposal	(1,880)	(16,245)	(38,496)	(1,444)	(58,065)
At 31 December 2017	<u>1,289,037</u>	<u>312,146</u>	<u>121,754</u>	<u>198,467</u>	<u>1,921,404</u>
<b>Net book value</b>					
At 31 December 2017	<u>872,472</u>	<u>139,827</u>	<u>37,592</u>	<u>296,752</u>	<u>1,346,643</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<b>Computers RM</b>	<b>Furniture and fittings RM</b>	<b>Office equipment RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>Group</b>					
<b>2016</b>					
<b>Cost</b>					
At 1 January 2016	1,160,853	397,197	134,030	115,839	1,807,919
Currency translation differences	923	2,945	330	9,391	13,589
Reclassification from development cost in progress (Note 16)	650,000	–	–	–	650,000
Additions	161,032	78,755	11,637	273,721	525,145
Write off	(91,430)	–	–	–	(91,430)
At 31 December 2016	<u>1,881,378</u>	<u>478,897</u>	<u>145,997</u>	<u>398,951</u>	<u>2,905,223</u>
<b>Accumulated depreciation</b>					
At 1 January 2016	686,697	166,194	80,695	78,757	1,012,343
Currency translation differences	42	131	14	723	910
Depreciation charge	185,927	75,255	17,746	63,037	341,965
Write off	(86,300)	–	–	–	(86,300)
At 31 December 2016	<u>786,366</u>	<u>241,580</u>	<u>98,455</u>	<u>142,517</u>	<u>1,268,918</u>
<b>Net book value</b>					
At 31 December 2016	<u>1,095,012</u>	<u>237,317</u>	<u>47,542</u>	<u>256,434</u>	<u>1,636,305</u>
<b>Company</b>					
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	<b>177,819</b>	<b>46,922</b>	<b>1,964</b>	<b>126,885</b>	<b>353,590</b>
Additions	<b>4,346</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,346</b>
At 31 December 2017	<u><b>182,165</b></u>	<u><b>46,922</b></u>	<u><b>1,964</b></u>	<u><b>126,885</b></u>	<u><b>357,936</b></u>
<b>Accumulated depreciation</b>					
At 1 January 2017	<b>35,564</b>	<b>9,384</b>	<b>393</b>	<b>25,377</b>	<b>70,718</b>
Depreciation charge	<b>36,433</b>	<b>9,384</b>	<b>393</b>	<b>25,377</b>	<b>71,587</b>
At 31 December 2017	<u><b>71,997</b></u>	<u><b>18,768</b></u>	<u><b>786</b></u>	<u><b>50,754</b></u>	<u><b>142,305</b></u>
<b>Net book value</b>					
At 31 December 2017	<u><b>110,168</b></u>	<u><b>28,154</b></u>	<u><b>1,178</b></u>	<u><b>76,131</b></u>	<u><b>215,631</b></u>
<b>2016</b>					
<b>Cost</b>					
At 1 January 2016	–	–	–	–	–
Additions	177,819	46,922	1,964	126,885	353,590
At 31 December 2016	<u>177,819</u>	<u>46,922</u>	<u>1,964</u>	<u>126,885</u>	<u>353,590</u>
<b>Accumulated depreciation</b>					
At 1 January 2016	–	–	–	–	–
Depreciation charge	35,564	9,384	393	25,377	70,718
At 31 December 2016	<u>35,564</u>	<u>9,384</u>	<u>393</u>	<u>25,377</u>	<u>70,718</u>
<b>Net book value</b>					
At 31 December 2016	<u>142,255</u>	<u>37,538</u>	<u>1,571</u>	<u>101,508</u>	<u>282,872</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 14 GOODWILL

	<b>Company 2017 RM</b>
Cost and carrying amount	
Beginning of financial year	-
Acquisition of subsidiary corporation (Note 27(c))	<b>2,130,000</b>
End of financial year	<b>2,130,000</b>

### Impairment test for goodwill

Goodwill is allocated to the Group's CGU, identified as arising from the purchase of Audex Governance Sdn. Bhd..

The recoverable amount of the CGU was determined based on value-in-use calculations using management approved discounted cash flow projections covering a period of 5 years. Cash flows beyond five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

### Key estimates used for value-in-use calculations

	<b>Group 2017</b>
Pre-tax weighted average cost of capital	<b>13.9%</b>
Terminal growth rate	<b>2%</b>

Management determined profit before tax to increase by RM100,000 for the next three years subsequent to the current financial year end and remain constant for the next two years. The discount rates used were pre-tax and reflected specific risks relating to the relevant segment.

Based on the sensitivity analysis performed (Note 3.1(b)), the Group has concluded that a variation of 10% in revenue growth or 1% in the base case assumptions would not materially cause the recoverable amount to be lower than its carrying amount, as such, no impairment charge was recorded.

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Equity investments at cost		
Beginning of financial year	<b>6,262,583</b>	4,831,320
Incorporation during the financial year	<b>926,594</b>	1,430,204
Acquisition of subsidiary corporation	<b>2,880,000</b>	1,059
Acquisition of additional equity interest in subsidiary corporation	<b>194,503</b>	-
End of financial year	<b>10,263,680</b>	6,262,583



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
<u>Held by Company</u>								
Axcelasia Taxand Sdn. Bhd. <sup>(a)</sup>	Provision of tax compliance, tax advisory services, training and knowledge management services	Malaysia	100	100	100	100	–	–
Axcelasia Singapore Pte. Ltd. <sup>(a)</sup>	Provision of management consultancy services	Singapore	75	75	75	75	25	25
Axcelasia Lao Co., Ltd. <sup>(a)</sup>	Provision of management consultancy services	Laos	100	65	100	65	–	35
Axcelasia Vietnam Co., Ltd. <sup>(a)(c)</sup>	Provision of management consultancy services	Vietnam	70	–	70	–	30	–
Audex Governance Sdn Bhd. <sup>(a)(b)</sup>	Provision of management consultancy services	Malaysia	100	–	100	–	–	–
<u>Held by Axcelasia Taxand Sdn. Bhd.</u>								
Axcelasia Corporate Services Sdn. Bhd. <sup>(a)</sup>	Provision of company secretarial services	Malaysia	100	100	–	–	–	–
Axcelasia Global Business Services Sdn. Bhd. <sup>(a)</sup>	Provision of accounting, payroll and administration support services	Malaysia	100	100	–	–	–	–
Axcelasia Columbus Sdn. Bhd. <sup>(a)</sup>	Provision of management consultancy services	Malaysia	100	100	–	–	–	–
Axcelasia Talent Sdn. Bhd. <sup>(a)</sup>	Provision of recruitment and human resource consultancy services	Malaysia	100	100	–	–	–	–
<u>Held by Axcelasia Columbus Sdn. Bhd.</u>								
Axcelasia Softnex Sdn. Bhd. <sup>(a)</sup>	Licensing of ERM Application software	Malaysia	100	100	–	–	–	–
Axcelasia HR Consulting Sdn. Bhd. <sup>(a)</sup>	Provision of HR consultancy services	Malaysia	51	51	–	–	49	49

(a) Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.

(b) Acquired during the financial year.

(c) Incorporated during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Carrying value of non-controlling interests

	Group	
	2017 RM	2016 RM
Axcelasia HR Consulting Sdn. Bhd.	18,314	143,211
Axcelasia Singapore Pte. Ltd.	94,003	215,544
Axcelasia Lao Co., Ltd.	–	20,816
Axcelasia Vietnam Co., Ltd	13,029	–
Total	125,346	379,571

### Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

### Summarised statements of financial position

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM
<b>Current</b>					
Assets	201,776	442,237	300,619	738,898	233,485
Liabilities	(169,627)	(153,337)	(25,544)	(11,493)	(295,289)
Total current assets/ (liabilities)	32,149	288,900	275,075	727,405	(61,804)
<b>Non-current</b>					
Assets	5,226	3,368	100,935	134,770	105,235
Total non-current assets	5,226	3,368	100,935	134,770	105,235
<b>Net assets</b>	37,375	292,268	376,010	862,175	43,431

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Summarised statements of comprehensive income

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM
Revenue	<b>341,586</b>	822,500	<b>147,959</b>	39,384	<b>202,845</b>
<b>(Loss)/profit before income tax</b>	<b>(265,781)</b>	187,529	<b>(482,027)</b>	(663,562)	<b>(1,274,195)</b>
Income tax expense	<b>13,064</b>	(43,823)	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(252,717)</b>	143,706	<b>(482,027)</b>	(663,562)	<b>(1,274,195)</b>
<b>Total comprehensive (loss)/income allocated to non-controlling interests</b>	<b>(123,831)</b>	70,416	<b>(120,507)</b>	(165,890)	<b>(382,259)</b>

### Summarised statements of cash flows

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM
Cash used in operations	<b>21,452</b>	(33,382)	<b>(454,450)</b>	(654,206)	<b>(1,188,648)</b>
Income tax paid	<b>(60,969)</b>	(75,684)	-	-	-
<b>Net cash used in operating activities</b>	<b>(39,517)</b>	(109,066)	<b>(454,450)</b>	(654,206)	<b>(1,188,648)</b>
<b>Net cash used in investing activities</b>	-	-	-	(157,799)	<b>(133,297)</b>
<b>Net cash generated from financing activities</b>	-	100,000	-	1,471,470	<b>1,323,705</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(39,517)</b>	(9,066)	<b>(454,450)</b>	659,465	<b>1,760</b>
Beginning of financial year	<b>57,448</b>	66,514	<b>659,465</b>	-	-
<b>End of financial year</b>	<b>17,931</b>	57,448	<b>205,015</b>	659,465	<b>1,760</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 16 DEVELOPMENT COST IN PROGRESS

	<b>Group 2016 RM</b>
EMS Software:	
At beginning of the year	305,655
Capitalised during the year	344,345
Reclassification to property, plant and equipment (Note 13)	(650,000)
At end of the year	<u>–</u>

## 17 TRADE AND OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Accruals	<b>1,546,683</b>	735,495	<b>218,152</b>	87,811
Other payables – non-related parties	<b>1,933,331</b>	1,057,746	<b>9,361</b>	221,392
Amount due to directors of subsidiary corporations	<b>26,954</b>	28,600	–	–
Dividend payable	<b>364,957</b>	–	–	–
	<b><u>3,871,925</u></b>	<u>1,821,841</u>	<b><u>227,513</u></b>	<u>309,203</u>

Amount due to directors are unsecured, interest-free and repayable on demand.

Dividend payable pertain to dividend declared by the subsidiary corporation, Audex Governance Sdn. Bhd. to its existing shareholders prior to the business combination. The dividend per share is calculated based on the number of ordinary shares of the company in issue as at date of dividend declaration.

## 18 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	<b>Group</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
<b>Deferred income tax liabilities, representing accelerated tax depreciation</b>		
– to be settled within one year	<b><u>12,001</u></b>	<u>13,801</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 18 DEFERRED INCOME TAXES (CONTINUED)

Movement in deferred income tax liabilities account is as follows:

	Group	
	2017 RM	2016 RM
Beginning of financial year	13,801	19,840
Tax credit to profit or loss (Note 8)	(1,800)	(6,039)
End of financial year	<u>12,001</u>	<u>13,801</u>

## 19 SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital RM
<b>31 December 2017 and 2016</b>		
Beginning and end of financial year	<u>160,320,000</u>	<u>27,817,984</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

### The Axcelasia Employee Share Option Scheme

In conjunction with the Company's listing on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group adopted the Axcelasia Employee Share Option Scheme ("ESOS") which was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 21 October 2015. The ESOS is administered by a committee comprising of members of the Nomination Committee and the Remuneration Committee (the "Administration Committee"). The ESOS provides for the grant of share options ("Options") to employees and Directors ("ESOS participants").

The selection of the ESOS participants and number of shares which are subject of each Option to be granted to an ESOS participant in accordance with the ESOS shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the ESOS, the number of shares over which the Administration Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the ESOS (including the Axcelasia Performance Share Plan and any other share option scheme of the Company) shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 19 SHARE CAPITAL (CONTINUED)

### The Axcelasia Employee Share Option Scheme (continued)

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the first anniversary of the offer date of that Option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options granted with exercise price set at a discount to market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the second anniversary from the offer date of that option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in the Group and the parent company, the bankruptcy of the participant, the death of the participant, a take-over of the Company, and the winding-up of the Company.

There were no options granted to the employees and Directors from the commencement of the ESOS up to the end of the financial year.

No options have been granted to controlling shareholders of the Company and their associates under the ESOS from the commencement of the ESOS up to the end of the financial year.

None of the ESOS participants received 5% or more of the total number of options available under the ESOS.

There were no options being exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares under Option in the Company or its subsidiary corporations as at the end of the financial year.

### The Axcelasia Performance Share Plan

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group adopted the Axcelasia Performance Share Plan ("PSP") which was approved by its shareholders at the EGM held on 21 October 2015. The PSP is administered by the Administration Committee. The PSP provides for the grant of incentive share awards ("Awards") to employees and Directors ("PSP participants").

The selection of the PSP participants and number of shares which are subject of each Award to be granted to a PSP participant in accordance with the PSP shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 19 SHARE CAPITAL (CONTINUED)

### The Axcelasia Performance Share Plan (continued)

Under PSP, the total number of shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of shares issued and issuable in respect of (a) all Awards granted under the PSP; and (b) all options granted under any share option, shares incentive, performance share or restricted plans of the Company, and for the time being in force, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

The PSP allows for the participation by full-time employees of the Group (including the Executive Directors) and Non-executive Directors (including Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Controlling shareholders of the Company and their associates will not be eligible to participate in the PSP.

Notwithstanding that a PSP participant may have met his performance targets, no Awards shall be vested:

- (i) When a PSP participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of a company in the Group or in the event the company by which the participant is employed ceases to be a company in the Group;
- (ii) When a PSP participant, being a Non-executive Director, ceasing to be a director of a company in the Group, for any reason whatsoever;
- (iii) Upon the bankruptcy of the PSP participant;
- (iv) Upon ill health, injury or death of a PSP participant;
- (v) When a PSP participant committing any breach of any of the terms of his Award;
- (vi) Upon misconduct on the part of a PSP participant as determined by the Administration Committee in its discretion;
- (vii) When a general offer being made of all or any part of the Shares;
- (viii) When a scheme of arrangement or compromise between the Company and the Shareholders being sanctioned by the Court;
- (ix) When an order for the compulsory winding-up of the Company being made;
- (x) When a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (xi) Upon any other event unless approved by the Administration Committee.

There was no share awards granted pursuant to the PSP from the commencement of the PSP up to the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 20 OTHER RESERVE

	Group	
	2017 RM	2016 RM
Composition:		
Currency translation reserve	<b>46,160</b>	52,261

The movement of currency translation reserve is as follows:

	Group	
	2017 RM	2016 RM
Beginning of financial year	<b>52,261</b>	–
Currency translation differences of financial statements of foreign subsidiary corporations	<b>(15,184)</b>	72,053
Currency translation differences on acquisition of additional equity interest in a subsidiary corporation	<b>6,225</b>	–
Less: non-controlling interests	<b>2,858</b>	(19,792)
End of financial year	<b>46,160</b>	52,261

Other reserve is non-distributable.

## 21 RETAINED PROFITS/(ACCUMULATED LOSSES)

Retained profits/(accumulated losses) of the Group and the Company are distributable.

Movement in (accumulated losses)/retained profits of the Company is as follows:

	Company	
	2017 RM	2016 RM
Beginning of financial year	<b>(744,746)</b>	2,103,661
Net loss	<b>(2,749,191)</b>	(2,848,407)
End of financial year	<b>(3,493,937)</b>	(744,746)

## 22 CONTINGENCIES

One of the subsidiary corporation, Axcelasia Taxand Sdn. Bhd. has pledged a fixed deposit of RM45,000 (2016: RM45,000) to the bank to obtain a bank guarantee for one of its fellow subsidiary corporation, Axcelasia Columbus Sdn. Bhd. with respect of a binding service contract with its customer.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 23 COMMITMENTS

### Operating lease commitments – where the Group is a lessee

The Group leases office premises from related and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2017	2016
	RM	RM
Not later than one year	995,872	1,060,801
Between one and five years	630,260	510,738
	<b>1,626,132</b>	<b>1,571,539</b>

The Group leases a number of office premises under operating leases. Such leases have fixed terms ranging from 2 to 3 years, with some leases having an option to renew the lease after the expire of the initial fixed term for a further term of 2 to 3 years. The Group expects to meet operating lease commitments using cash generated from operations.

## 24 FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Executive Directors. Regular reports are also submitted to the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Market risk*

(i) *Currency risk*

The Group operates in Asia with dominant operations in Malaysia, Singapore and Laos. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), United States Dollar ("USD") and Vietnamese Dong ("VND").

The Group's currency exposure based on the information provided to key management is as follows:

	<b>SGD RM</b>	<b>USD RM</b>	<b>VND RM</b>
<b>2017</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2,069,665	5,048	21,594
Trade and other receivables	95,604	84,119	213,914
	<u>2,165,269</u>	<u>89,167</u>	<u>235,508</u>
<b>Financial liabilities</b>			
Trade and other payables	(25,544)	(7,647)	(278,598)
Payables to subsidiary corporations	–	(132,724)	–
	<u>(25,544)</u>	<u>(140,371)</u>	<u>(278,598)</u>
<b>Net financial assets/(liabilities)</b>	<b>2,139,725</b>	<b>(51,204)</b>	<b>(43,090)</b>
Add: Net non-financial assets	100,935	923	106,354
<b>Net assets/(liabilities)</b>	<u>2,240,660</u>	<u>(50,281)</u>	<u>63,264</u>
<b>Currency profile including non-financial assets</b>	<u>2,240,660</u>	<u>(50,281)</u>	<u>63,264</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities functional currencies</b>	<u>2,240,660</u>	<u>(50,281)</u>	<u>63,264</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:  
(continued)

	<b>SGD RM</b>	<b>USD RM</b>
<b>2016</b>		
<b>Financial assets</b>		
Cash and cash equivalents	4,226,190	48,294
Trade and other receivables	57,976	–
	<u>4,284,166</u>	<u>48,294</u>
<b>Financial liabilities</b>		
Trade and other payables	(6,844)	(1,583)
Payables to subsidiary corporations	(4,660)	(50,707)
	<u>(11,504)</u>	<u>(52,290)</u>
<b>Net financial assets/(liabilities)</b>	4,272,662	(3,996)
Add: Net non-financial assets	156,227	63,189
<b>Net assets</b>	<u>4,428,889</u>	<u>59,193</u>
<b>Currency profile including non-financial assets</b>	<u>4,428,889</u>	<u>59,193</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities functional currencies</b>	<u>4,428,889</u>	<u>59,193</u>

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies for the financial year ended 31 December 2017 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

#### Sensitivity analysis

The strengthening of SGD, USD and VND against MYR by 2% (2016: 2%), 11% (2016: 4%) and 9% (2016: Nil) respectively at the reporting date would increase/(decrease) loss after tax by the amounts shown below. This analysis assume that all other variables including tax rate being held constant.

	Loss after tax	
	2017 RM	2016 RM
<b>Group</b>		
SGD against MYR		
– Strengthened	<b>36,293</b>	65,852
– Weakened	<b>(36,293)</b>	(65,852)
USD against MYR		
– Strengthened	<b>(4,038)</b>	1,890
– Weakened	<b>4,038</b>	(1,890)
VND against MYR		
– Strengthened	<b>4,547</b>	–
– Weakened	<b>(4,547)</b>	–

The weakening of SGD, USD and VND against MYR 2% (2016: 2%), 11% (2016: 4%) and 9% (2016: Nil) respectively would have had the equal but opposite effect on the above currencies to the amounts shown above, in the basis that all other variables, including tax rate are being held constant.

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income is substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are cash and cash equivalents and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has no significant concentrations of credit risk for each class of its financial assets.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<u>By types of customers</u>		
Non-related parties	<b>6,321,416</b>	4,301,303
	<b>6,321,416</b>	4,301,303
<u>By geographical areas</u>		
Malaysia	<b>6,186,731</b>	4,301,303
Singapore	<b>39,934</b>	–
Laos	<b>84,119</b>	–
Vietnam	<b>10,632</b>	–
	<b>6,321,416</b>	4,301,303

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (b) Credit risk (continued)

##### (i) Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

##### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Past due < 30 days	<b>1,635,523</b>	703,283
Past due 31 to 90 days	<b>1,456,782</b>	408,289
Past due over 90 days	<b>1,231,456</b>	1,359,211
	<b><u>4,323,761</u></b>	<b><u>2,470,783</u></b>

The Group believes that the unimpaired amounts that are past due are still collectible, based on historical payment patterns.

#### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and the ability to close out market positions at a short notice. As at reporting date, assets held by the Group and Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

<b>Group</b>	<b>Within 1 year RM</b>
<b>2017</b>	
Trade and other payables	<b>3,871,925</b>
<b>2016</b>	
Trade and other payables	1,821,841
<b>Company</b>	
<b>2017</b>	
Trade and other payables	<b>227,513</b>
<b>2016</b>	
Trade and other payables	309,203

#### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Net cash	<b>(19,054,985)</b>	(23,505,790)	<b>(13,569,505)</b>	(20,069,202)
Total equity	<b>30,150,476</b>	31,333,956	<b>24,324,047</b>	27,073,238
Total capital	<b>11,095,491</b>	7,828,166	<b>10,754,542</b>	7,004,036
Gearing ratio	<b>N.A.<sup>(1)</sup></b>	N.A. <sup>(1)</sup>	<b>N.A.<sup>(1)</sup></b>	N.A. <sup>(1)</sup>

(1) The cash position exceeds the total of trade and other payables. The Group and the Company are in net cash positions for the financial years ended 31 December 2017 and 2016.

The Group and the Company are not subjected to externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

(e) *Fair value measurements*

The carrying amounts of receivables and payables are assumed to approximate their fair values.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loans and receivables	<b>30,115,464</b>	30,451,507	<b>14,072,249</b>	20,836,986
Financial liabilities at amortised cost	<b>3,871,925</b>	1,821,841	<b>227,513</b>	309,203

## 25 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) **Sales of services**

	Group	
	2017 RM	2016 RM
Rental expenses paid to related parties	<b>271,776</b>	271,776

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

(b) **Key management personnel compensation**

Key management personnel compensation is as follows:

	Group	
	2017 RM	2016 RM
<i>Directors of the Company</i>		
Salaries and bonus	<b>1,916,000</b>	2,004,000
Employer's contribution to defined contributions plan	<b>342,745</b>	358,307
Other short-term benefits	<b>19,200</b>	19,200
	<b>2,277,945</b>	2,381,507
<i>Other key management personnel</i>		
Salaries and bonus	<b>1,716,650</b>	1,699,297
Employer's contribution to defined contributions plan	<b>217,177</b>	212,025
Other short-term benefits	<b>37,650</b>	26,800
	<b>1,971,477</b>	1,938,122



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26 SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments:

1. Corporate office segment mainly relates to investment holding.
2. Tax Advisory segment mainly relates to the provision of corporate and individual tax compliance, training and knowledge management services.
3. Business Consultancy segment mainly relates to governance and compliance assessment, internal audit services, business continuity management and financial management.
4. EMS Application segment mainly relates to selling licensing of the Enterprises Risk Management software.
5. Business Support segment mainly relates to provision of corporate secretarial services, accounting, payroll and administration support. These were aggregated into "Business Support" segment as they have similar target customer base and similar economic characteristics.

Segment performance is evaluated by the Board of Directors based on the segment results which represent the gross profit earned by each segment. All segment revenue and expenses are directly attributable to the segments.

Inter-segment transfers are eliminated on consolidation.

Segment information about the Group's reportable segments is as follows:

	<b>Corporate Office RM</b>	<b>Tax Advisory RM</b>	<b>Business Consultancy RM</b>	<b>EMS Application RM</b>	<b>Business Support RM</b>	<b>Total RM</b>
<b>2017</b>						
<b>Revenue</b>						
Sales to external parties	–	8,449,455	9,776,001	386,223	3,457,582	22,069,261
<b>Results</b>						
Segment results	(3,090,967)	1,230,173	389,552	(467,678)	812,104	(1,126,816)
Interest income	452,067	51,889	186	–	15,086	519,228
(Loss)/profit before income tax	(2,638,900)	1,282,062	389,738	(467,678)	827,190	(607,588)
Income tax expense	–	(431,421)	(287,922)	–	(62,043)	(781,386)
(Loss)/profit for the year	(2,638,900)	850,641	101,816	(467,678)	765,147	(1,388,974)
Segment assets	16,189,157	7,119,582	5,949,655	1,006,663	4,042,627	34,307,684
Segment assets includes:						
Additions of:						
Property, plant and equipment	4,346	85,300	79,767	–	90,880	260,293
Segment liabilities	227,513	1,360,364	1,236,162	213,808	1,119,361	4,157,208

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 26 SEGMENT INFORMATION (CONTINUED)

Segment information about the Group's reportable segments is as follows:

	Corporate Office RM	Tax Advisory RM	Business Consultancy RM	EMS Application RM	Business Support RM	Total RM
<b>2016</b>						
<b>Revenue</b>						
Sales to external parties	–	6,284,142	7,225,858	385,409	2,279,674	16,175,083
<b>Results</b>						
Segment results	(3,411,025)	523,394	(990,110)	(461,760)	619,390	(3,720,111)
Interest income	594,620	42,330	430	–	–	637,380
(Loss)/profit before income tax	(2,816,405)	565,724	(989,680)	(461,760)	619,390	(3,082,731)
Income tax expense	–	(159,080)	(101,357)	–	(46,470)	(306,907)
(Loss)/profit for the year	(2,816,405)	406,644	(1,091,037)	(461,760)	572,920	(3,389,638)
Segment assets	20,946,528	4,730,163	4,510,871	1,386,121	1,608,333	33,182,016
Segment assets includes:						
Additions of:						
Property, plant and equipment	193,590	15,147	284,933	14,493	16,982	525,145
Software transfer from development cost in progress	–	–	–	650,000	–	650,000
Segment liabilities	309,203	481,549	682,006	223,700	151,602	1,848,060

### Geographical information:

Revenue and loss of the Group are mainly derived from provision of tax advisory, business consultancy, EMS application and business support services in Malaysia, Singapore, Vietnam and Laos which forms the Group's strategic business.

	Revenue	
	2017 RM	2016 RM
Malaysia	21,620,396	16,135,699
Overseas	448,865	39,384
	<b>22,069,261</b>	16,175,083
	Non-current assets	
	2017 RM	2016 RM
Malaysia	3,269,550	1,460,758
Overseas	207,093	175,547
	<b>3,476,643</b>	1,636,305

### Major customer information:

The Group does not have revenue concentration risk from any one or more customers. Revenue is spread over a large number of clients.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27 BUSINESS COMBINATION

On 1 April 2017, the Group acquired a 100% equity interest in Audex Governance Sdn. Bhd. The principal activity of Audex Governance Sdn. Bhd. is that of consultants and providers of corporate governance advisory services. As a result of the acquisition, the Group is expected to increase its presence in Malaysia. It also expects to reduce costs through economies of scale.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

### (a) Purchase consideration

	<b>2017 RM</b>
Cash consideration	<b>2,880,000</b>

### (b) Effect on cash flow of the Group

	<b>2017 RM</b>
Cash paid	<b>2,880,000</b>
Less: cash and cash equivalents of subsidiary corporation acquired (Note C below)	<b>(529,928)</b>
Cash outflow on acquisition	<b>2,350,072</b>

### (c) Identifiable assets acquired and liabilities assumed

	<b>At fair values RM</b>
Cash and cash equivalents	529,928
Property, plant and equipment (Note 13)	26,675
Trade and other receivables	1,104,140
Current tax assets	174,654
Total assets	<b>1,835,397</b>
Trade and other payables	1,085,397
Total liabilities	<b>1,085,397</b>
Total identifiable net assets	750,000
Add: Goodwill (Note 14)	2,130,000
Consideration transferred for the business	<b>2,880,000</b>

### (d) Acquisition-related costs

Acquisition-related costs of RM40,410 are included in Note 7 to the financial statements – legal fee and in operating cash flows in the consolidated statement cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27 BUSINESS COMBINATION (CONTINUED)

### (e) Contingent consideration

Audex Governance Sdn. Bhd. is required to have cumulative actual turnover between 1 January 2017 to 31 December 2017 of no less than RM3,000,000. If there is a shortfall, the former owner of Audex Governance Sdn. Bhd. may compensate by an amount equal to the difference between the targeted turnover of RM3,000,000 and the cumulative actual turnover for the same period multiplied by the factor of 2.13/3 or by introduction of new clients to the Company who would be able to generate revenue equal to such shortfall.

The former owner of Audex Governance Sdn. Bhd. shall ensure that the list of recurring clients, from whom the assured revenue of RM3,000,000 was earned, as at 31 December 2017 are retained and remain as clients of the Group as at 30 June 2018. If there is a loss of recurring clients, the former owner of Audex Governance Sdn. Bhd. may compensate by introducing new clients to the Company who would be able to generate revenue equal to such shortfall or the sum equal to the revenue generated by the clients lost.

### (f) Acquired receivables

The fair value of trade and other receivables is RM1,104,140 and includes trade receivables with a fair value of RM1,077,688. The gross contractual amount for trade receivables due is RM2,182,269 of which RM1,104,581 is expected to be uncollectible.

### (g) Goodwill

The goodwill of RM2,130,000 arising from the acquisition is attributable to the distribution network in Malaysia and the synergies expected to arise from the economies of scale in combining the operations of the Group with those of Audex Governance Sdn. Bhd.

### (h) Revenue and profit contribution

The acquired business contributed revenue of RM3,855,547 and net profit of RM251,316 to the Group for the financial year ended 31 December 2017.

On 6 May 2016, the Group acquired 100% equity interest in Axcelasia Talent Sdn. Bhd. (formerly known as Accountancy Personnel Sdn. Bhd.). The principal activities of this subsidiary corporation is to carry out recruitment and human resource consultancy services.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

### (a) Purchase consideration

	<b>2016</b>
	<b>RM</b>
Cash consideration	<u>15,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 27 BUSINESS COMBINATION (CONTINUED)

### (b) Effect on cash flow of the Group

	<b>2016</b>
	<b>RM</b>
Cash paid	15,000
Less: cash and cash equivalents of subsidiary corporation acquired (Note C below)	(1,059)
Cash outflow on acquisition	<u>13,941</u>

### (c) Identifiable assets acquired and liabilities assumed

	<b>At fair values</b>
	<b>RM</b>
Cash and cash equivalents	1,059
Total assets	<u>1,059</u>
Total identifiable net assets	<u>1,059</u>

Had Axcelasia Talent Sdn. Bhd. been consolidated from 1 January 2016, the financial effect on the consolidated revenue and consolidated results for the financial year ended 31 December 2016 would have been insignificant as the subsidiary corporation is dormant.

The goodwill arising from business combination has been fully impaired during the financial year and is included in "Other expenses" in the consolidated statement of comprehensive income.

## 28 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2018 and which the Group has not early adopted:

### Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

### Effective for annual periods beginning on or after 1 January 2018 (continued)

- Improvements to FRSs (December 2016)
  - Amendments to FRS 28 Investments in Associates and Joint Ventures
  - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards
- FRS 115 Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

### Effective for annual periods beginning on or after 1 January 2019

- Amendments to FRS 28 Long-term Interests in Associates and Joint Venture
- Amendments to FRS 109 Prepayment Features with Negative Compensation
- INT FRS 123 Uncertainty over income tax treatments

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## 28 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

### Effective for annual periods beginning on or after 1 January 2019 (continued)

- FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RM1,626,132 (Note 23). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's results and classification of cash flows.

### Effective date: to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 104 Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

The directors do not anticipate that the adoption of the above FRS in future financial periods will have a material impact on the financial statements of the Group.

## 29 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Axcelasia Inc. on 6 March 2018.

# SHAREHOLDER INFORMATION

AS AT 19 FEBRUARY 2018

Issued and fully paid-up capital	:	RM27,817,984
Total number of issued shares	:	160,320,000
Class of shares	:	Ordinary
Voting rights	:	One vote for each ordinary share

There are no treasury shares and subsidiary holdings held in the issued share capital of the Company.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 – 99	0	0.00	0	0.00
100 – 1000	9	16.07	5,900	0.00
1,001 – 10,000	19	33.93	103,000	0.07
10,001 – 1,000,000	19	33.93	2,760,200	1.72
1,000,001 and above	9	16.07	157,450,900	98.21
Grand Total	<b>56</b>	<b>100.00</b>	<b>160,320,000</b>	<b>100.00</b>

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

(as shown in the Register of Members)

Name of Shareholder	No. of Shares	% of Shareholdings
1. RANJIT SINGH A/L TARAM SINGH	40,728,960	25.40
2. TANG SWEE GUAN	37,852,700	23.61
3. UOB KAY HIAN PTE LTD	33,800,870	21.08
4. VEERINDERJEET SINGH A/L TEJWANT SINGH	23,932,500	14.93
5. LEE SIEW WENG	7,723,170	4.82
6. DBSN SERVICES PTE LTD	7,000,000	4.37
7. CHAI SEOW LIN	3,444,000	2.15
8. CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,623,700	1.01
9. DBS NOMINEES PTE LTD	1,345,000	0.84
10. HARDIP SINGH	550,000	0.34
11. YAP WAI JOON	380,000	0.24
12. VIJAY SRINIVASAN @ C VIJAYA SRINIVASAN	360,000	0.22
13. LIM TIONG KHENG STEVEN	265,000	0.17
14. CHUA SIEW LIAN	220,000	0.14
15. NG CHEE KIONG	180,000	0.11
16. GUO JINJIAN	100,000	0.06
17. YEO KHIANG NGUAN OR NG LAI WAH	90,000	0.06
18. ER CHENG SENG BENJAMIN	80,000	0.05
19. LEONG YUET MEI	80,000	0.05
20. WEE SIEW JOO DOROTHY	80,000	0.05
<b>Total</b>	<b>159,835,900</b>	<b>99.70</b>



# SHAREHOLDER INFORMATION

AS AT 19 FEBRUARY 2018

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest		Total %
	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings	
Tang Swee Guan <sup>(1)</sup>	37,852,700	23.61	3,444,000	2.15	25.76
Ranjit Singh A/L Taram Singh	40,728,960	25.40	–	–	25.40
Veerinderjeet Singh A/L Tejwant Singh <sup>(2)</sup>	23,932,500	14.93	900,000	0.56	15.49
MTD Equity Sdn Bhd <sup>(3)</sup>	–	–	15,214,000	9.49	9.49
MTD Capital Bhd. <sup>(4)</sup>	–	–	15,214,000	9.49	9.49
Nikvest Sdn. Bhd. <sup>(5)</sup>	–	–	15,214,000	9.49	9.49
Alloy Consolidated Sdn. Bhd. <sup>(6)</sup>	–	–	15,214,000	9.49	9.49
Alloy Capital Sdn. Bhd. <sup>(7)</sup>	–	–	15,214,000	9.49	9.49
Nik Fuziah Binti Nik Hussein, Puan Sri <sup>(8)</sup>	–	–	15,214,000	9.49	9.49

### Notes:

- (1) Tang Swee Guan (Dato' Peter Tang), the Chief Executive Officer and Executive Director, is deemed interested in the shares held by his spouse, Datin Chai Seow Lin.
- (2) Veerinderjeet Singh A/L Tejwant Singh (Dr. Veerinderjeet Singh), the Non-Executive Chairman, is deemed interested in the shares held by his spouse, Ms Kaur Rajinderpal.
- (3) MTD Equity Sdn Bhd has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd.
- (4) MTD Capital Bhd. has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd. by MTD Equity Sdn Bhd. MTD Equity Sdn Bhd is wholly-owned by MTD Capital Bhd.
- (5) Nikvest Sdn. Bhd. has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd. by MTD Equity Sdn Bhd. Nikvest Sdn. Bhd. is entitled to exercise or control the exercise of not less than 20% of the voting power in MTD Capital Bhd., which wholly owns MTD Equity Sdn Bhd.
- (6) Alloy Consolidated Sdn. Bhd. has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd. by MTD Equity Sdn Bhd. Alloy Consolidated Sdn. Bhd. is entitled to exercise or control the exercise of not less than 20% of the voting power in MTD Capital Bhd., which wholly owns MTD Equity Sdn Bhd.
- (7) Alloy Capital Sdn. Bhd. has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd. by MTD Equity Sdn Bhd. Alloy Capital Sdn. Bhd. is entitled to exercise or control the exercise of not less than 20% of the voting power in MTD Capital Bhd., which wholly owns MTD Equity Sdn Bhd.
- (8) Nik Fuziah Binti Nik Hussein, Puan Sri has deemed interest in the 15,214,000 shares which are held through UOB Kay Hian Pte Ltd. by MTD Equity Sdn Bhd. Nik Fuziah Binti Nik Hussein, Puan Sri has a controlling interest in Alloy Consolidated Sdn. Bhd., which is entitled to exercise or control the exercise of not less than 20% of the voting power in MTD Capital Bhd. (which wholly owns MTD Equity Sdn Bhd).

## PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 19 February 2018, approximately 15.72% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of AXCELASIA INC. (the “**Company**”) will be held at Conference Room 2, TKP Conference Centre Raffles Place, 55 Market Street #03-01, Singapore 048941 on Monday, 9 April 2018 at 11.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr. Tan See Yin as a Director, who will be retiring pursuant to Article 97 of the Company's Articles of Association. **[Explanatory Note (i)] (Resolution 2)**
3. To re-elect Datin Isharidah Binti Ishak as a Director, who will be retiring pursuant to Article 97 of the Company's Articles of Association. **[Explanatory Note (ii)] (Resolution 3)**
4. To approve the payment of Directors' fees totaling RM324,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears (2017: RM190,180). **[Explanatory Note (iii)] (Resolution 4)**
5. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## AS SPECIAL BUSINESS

To consider and if though fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **Authority to allot and issue shares in the capital of the Company and/or Instruments (as defined hereinafter)**

THAT pursuant to Article 3 of the Company's Articles of Association and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), authority be given to the Directors of the Company to:

- i. allot and issue shares (the “**Shares**”) whether by way of rights, bonus or otherwise; and/or
- ii. make or grant offers, agreements or options (collectively, the “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

- iii. (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:
- a. the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued pursuant to the Instruments) does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
  - b. (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (a) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:
    - i. new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
    - ii. new Shares arising from exercising share options or vesting of share awards outstanding and/or subsisting at the time this Resolution is passed provided that the share options or share awards (as the case may be) were granted in connection with Part VIII of Chapter 8 of the Catalist Rules; and
    - iii. any subsequent bonus issue, consolidation or subdivision of Shares;
  - c. in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
  - d. unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**[Explanatory Note (iv)]**

**(Resolution 6)**

8. **Authority to allot and issue shares under:**

a. ***The Axcelasia Performance Share Plan***

THAT the Directors of the Company be and are hereby authorised to offer and grant awards (the "**Awards**") in accordance with the provisions of the Axcelasia Performance Share Plan (the "**Plan**") and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards granted under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**[Explanatory Note (v)]**

**(Resolution 7A)**

# NOTICE OF ANNUAL GENERAL MEETING

b. **The Axcelasia Employee Share Option Scheme**

THAT the Directors of the Company be and are hereby authorised to offer and grant options (the “**Options**”) under the Axcelasia Employee Share Option Scheme (the “**Scheme**”) and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued pursuant to the Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

**[Explanatory Note (v)]**

**(Resolution 7B)**

By Order of the Board

Raymond Lam Kuo Wei  
Tan Ching Ching  
Company Secretaries

Singapore,  
16 March 2018

**Explanatory Notes:**

- i. Resolution 2** – Mr. Tan See Yin, if re-elected, will remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. The Board considers Mr. Tan See Yin to be independent pursuant to Rule 704(7) of Catalist Rules.
- ii. Resolution 3** – Datin Isharidah Binti Ishak, if re-elected, will remain as the Chairperson of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Datin Isharidah Binti Ishak to be independent pursuant to Rule 704(7) of Catalist Rules.
- iii. Resolution 4** – This Resolution is to facilitate the payment of Directors’ fees during the financial year ending 31 December 2018 in which the fees are incurred. The aggregate amount of Directors’ fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2018 (“FY2018”). Should any Director hold office for only part of FY2018 and not the whole of FY2018, the Directors’ fee payable to him/her will be appropriately pro-rated. The increase in the Directors’ fees is due to the inclusion of the Director’s fees for Dr. Veerinderjeet Singh following his redesignation as Non-Executive Chairman.
- iv. Resolution 6** – This Resolution, if passed, will empower the Directors of the Company (from the date of the AGM until the date of the next annual general meeting of the Company, or the date which the next annual general meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in general meeting, whichever is the earlier), to issue Shares, make or grant Instruments convertible into Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.
- v. Resolutions 7A & 7B** – These Resolutions, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred percent (100%) of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she deems fit.
4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his/her attorney.
6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.
7. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
8. The instrument appointing a proxy must be deposited at the office of the Singapore Share Registrar and Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the AGM.

## GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM.

## PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data such as proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**AXCELASIA INC.**

(Company Registration No. LL12218)

(Incorporated in Labuan, Malaysia)

**PROXY FORM  
ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ (full name in capital letters)

NRIC No./ Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_ (full address)

being a member/members of AXCELASIA INC. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting (the "**AGM**") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Conference Room 2, TKP Conference Centre Raffles Place, 55 Market Street #03-01, Singapore 048941 on Monday, 9 April 2018 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the AGM and at any adjournment thereof.

The resolutions put to vote at the AGM shall be decided by poll.

Resolution No.	Ordinary Business	For*	Against*
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and Auditors' Report thereon.		
Resolution 2	To re-elect Mr. Tan See Yin as Director of the Company.		
Resolution 3	To re-elect Datin Isharidah Binti Ishak as Director of the Company.		
Resolution 4	To approve payment of Directors' Fees for the financial year ending 31 December 2018, to be paid quarterly in arrears.		
Resolution 5	To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration.		
	<b>Special Business</b>		
Resolution 6	To approve the authority to allot and issue new shares and/or instruments.		
Resolution 7A	To approve the authority to allot and issue shares under the Axcelasia Performance Share Plan.		
Resolution 7B	To approve the authority to allot and issue shares under the Axcelasia Employee Share Option Scheme.		

\* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

**NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred percent (100%) of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he/she thinks fit.
5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his/her attorney.
7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.
8. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The instrument appointing a proxy must be deposited at the office of the Singapore Share Registrar and Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the AGM.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 16 March 2018.



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# Axcelasia

ACCELERATING SUCCESS

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