



**ACCELERATING  
SUCCESS**

ANNUAL REPORT 2016

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Axcelasia Inc. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 November 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. 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 Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

# CORPORATE PROFILE

**Axcelasia Inc.** (“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 is led by three Executive Directors, Dr. Veerinderjeet Singh, Dato’ Peter Tang and Mr. Ranjit Singh, who, collectively have more than 95 years’ experience in the professional services industry.



# 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" or the "Group"), for the financial year ended 31 December 2016 ("FY2016").

FY2016 marks the first full financial year for the Group since our listing on the Singapore Exchange in November 2015. It has been a very busy year for the entire team as we began life as a public listed company. While the listing status has lifted our profile, much more remains to be done as we forge ahead to build up the Axcelasia brand.

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

In line with our geographical expansion within ASEAN, we have achieved our target to establish a footprint in at least three cities immediately after the IPO. Apart from Malaysia, Axcelasia now has offices in Singapore, Laos, and most recently, Vietnam. Through joint ventures and strategic alliances, we have mitigated start-up risks and minimised capital expenditure even as we expand. This approach has allowed us to move quickly even as we seek to grow our business and the Axcelasia brand throughout the region.

The expansion has invariably opened up more market opportunities as ASEAN celebrates its 50th anniversary in 2017. The ASEAN Economic Community ("AEC"), which conceives the region as a single market and production base, will open up opportunities in the professional services sub-sector that we operate in.

While our first three expansion initiatives have been through joint ventures, we have been on the lookout for earnings-accretive mergers and acquisitions in ASEAN.

Subsequent to the financial year end, 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 extensive services with a footprint that is well represented in the ASEAN region. It will also allow the Group to immediately recognise additional and recurring revenue streams.

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 mergers and acquisitions, pre-listing preparations, due diligence, 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 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 conversion. 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.



Over the past year, the Group has streamlined internal and operating efficiencies and integrated the administrative functions of our new subsidiaries at Group-level. Utilising the Klang Valley headquarters as a centre for shared and outsourced services has allowed us to leverage on economies of scale even as we expand into new countries.

While our strategic direction remains intact, the challenging operating environment has had an impact on our businesses in 2016. Our financial performance in FY2016 must be viewed in the context of the various actions outlined above. The seeds of our strategy have been planted and we will continue to focus on executing this strategy while intensifying efforts to return to profitability.

As shareholders are aware, the introduction of the Goods and Services Tax ("GST") in April 2015 resulted in



**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.**

Axcelasia securing a significant number of GST implementation projects for corporates. Following the completion of such projects, and in view of the decline in large consultancy projects available in the market due to cost containment measures undertaken by corporates, our revenue in FY2016 declined to RM16.2 million from RM25.3 million a year ago.

Total expenses increased 20.0% to RM19.6 million in FY2016 compared to RM16.4 million 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 RM3.1 million in FY2016 compared to a net profit of RM7.8 million in the previous year.

Net loss per share was 1.95 RM cents in FY2016 compared to earnings per share of 10.22 RM cents in FY2015.

Net asset value per share was RM19.54 cents as at 31 December 2016 compared to RM21.24 cents as at 31 December 2015.

Cash and cash equivalents remain healthy at RM25.3 million as at 31 December 2016.

Despite the setback in our FY2016 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 take this opportunity to welcome Mr. Sivaruban Kandasamy who was appointed as Chief Financial Officer on 1 June 2016. He brings with

him a wealth of experience and will be an asset to the Group.

I would like to extend my appreciation to the Board of Directors for their strategic guidance and insights. 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 as we enter a new year.

**DR. VEERINDERJEET SINGH**  
Executive Chairman

# CORE BUSINESS SEGMENTS



## TAX ADVISORY

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

## 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
- Whistle – blowing

## BUSINESS SUPPORT SERVICES

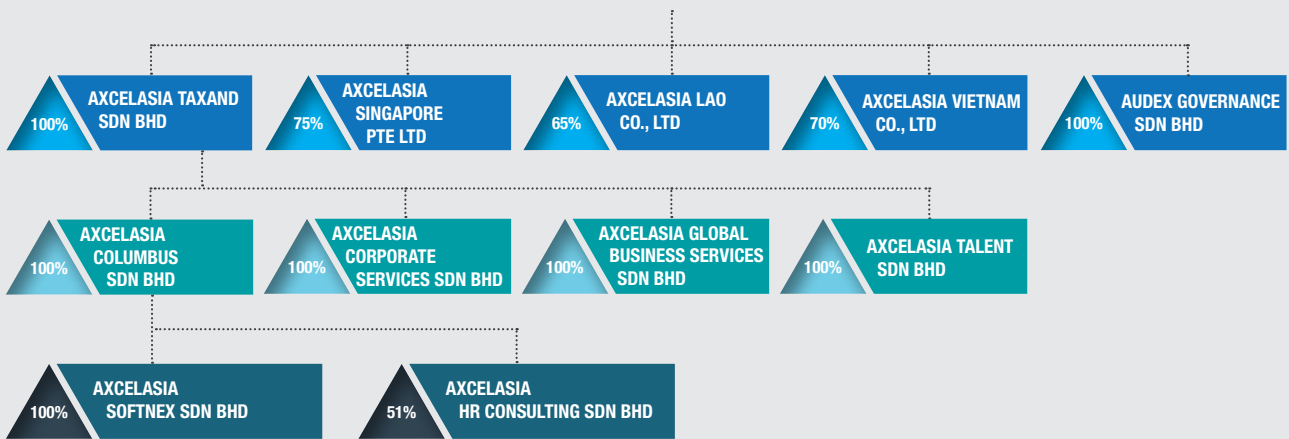
- Accounting
- Outsourcing/Shared Services
- Corporate Secretarial Services
- Corporate Advisory Services
- Administrative and Office Support Services
- Corporate Finance Services



# GROUP STRUCTURE

## Axcelasia

(Incorporated in Labuan)



# RECENT DEVELOPMENTS

## NOVEMBER 2015

Listed on the Singapore Exchange Catalist Board

## JANUARY 2016

Names of Axcelasia's subsidiary corporations were changed to reflect the new corporate identity of the Group

## JANUARY 2016

Established footprint in Singapore

## MARCH 2016

Issued Corporate and Business Update

## MAY 2016

Acquisition of Accountancy Personnel to provide human resource services (now known as Axcelasia Talent)

## JUNE 2016

Strengthened key management with appointment of Mr Sivaruban Kandasamy as Chief Financial Officer

## SEPTEMBER 2016

Established footprint in Laos

## DECEMBER 2016

Taxand Malaysia renamed to Axcelasia Taxand

## JANUARY 2017

Established footprint in Vietnam

## MARCH 2017

Acquisition of Audex Governance





# FINANCIAL HIGHLIGHTS

	FY2015	FY2016
<b>Income Statement (RM million)</b>		
Revenue	25.3	16.2
Profit/(Loss) Before Tax	9.8	(3.1)
Profit/(Loss) After Tax	7.8	(3.4)
<b>Balance Sheet (RM million)</b>	31 December 2015	31 December 2016
Total Assets	36.7	33.2
Total Liabilities	2.6	1.8
Total Shareholders' Equity	34.0	31.0
<b>Key Financial Ratios (RM cents)</b>		
Earnings/(Loss) Per Share	10.22	(1.95)
Net Asset Value Per Share	21.24 as at 31 December 2015	19.54 as at 31 December 2016

# FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

## FINANCIAL HIGHLIGHTS

The Group's revenue for FY2016 decreased 36.1% to RM16.2 million from RM25.3 million for FY2015 due largely to fewer large consultancy projects secured and the completion of Goods and Services Tax implementation projects in FY2015. The Group had expected to secure a number of new projects in FY2016 but these have been pushed back due to economic uncertainties.

Other income decreased to RM0.4 million in FY2016 from RM0.9 million in FY2015 due to lower unrealised foreign exchange gains and a decline in government grants. The fall in other income was partially offset by higher interest income from fixed deposits.

Total expenses increased 20.0% to RM19.6 million in FY2016 from RM16.4 million in FY2015 mainly due to the Group's geographical expansion to Singapore and Laos, as well as higher professional fees following the Company's listing in 2015.

As a result of the above, the Group recorded a net loss attributable to shareholders of RM3.1 million in FY2016 compared to a net profit of RM7.8 million in the previous year.

## BALANCE SHEET

Current assets decreased to RM31.5 million as at 31 December 2016 from RM35.6 million as at 31 December 2015, mainly due to reduced trade and other receivables in line with the lower revenue, and to a reduction in cash and cash equivalents as a result of the Group's ASEAN expansion and working capital requirements.

Non-current assets increased to RM1.6 million as at 31 December 2016 from RM1.1 million as at 31 December 2015, lifted by higher property, plant and equipment due to the Group's new offices in Singapore and Laos.

Current liabilities decreased to RM1.8 million from RM2.6 million over the comparative periods, largely due to a drop in current income tax liability. Non-current liabilities decreased to RM14,000 as at 31 December 2016 from RM20,000 as at 31 December 2015.

The Group had no borrowings as at 31 December 2016.

## CASH FLOW

Net cash used in operating activities for FY2016 was RM3.7 million, mainly due to income taxes and losses incurred by the Group. Net cash used in investing activities for FY2016 was RM0.4 million, mainly due to the renovation of the Group's new offices in Singapore and Laos. Net cash provided by financing activities for FY2016 came to RM0.5 million mainly due to proceeds from the issuance of ordinary shares to the Group's non-controlling interest.

As a result, cash and cash equivalents decreased to RM25.3 million in FY2016 from RM29.0 million a year ago.

# BOARD OF DIRECTORS



**DR. VEERINDERJEET SINGH** Executive Chairman

Dr. Veerinderjeet Singh was appointed to the Board as Executive Chairman on 21 August 2015 and re-elected on 18 April 2016. He has over 35 years of experience in corporate tax advisory and regulatory reform.

Dr. Singh was previously the Managing Director of Taxand Malaysia since January 2007, and was re-designated as Chairman on 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; and 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 IBFD Asia Sdn Bhd and Bank of Nova Scotia Berhad.

Dr. Singh is currently a Council Member and Executive Committee Member of the Malaysian Institute of Certified Public Accountants (MICPA). 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.

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 Trustee of the Malaysian Tax Research Foundation since December 2010; and a member of the Tax Commission of the Paris-headquartered International Chamber of Commerce since February 2012. 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 holds a Bachelor of Accounting (First Class Honours) from the University of Malaya, and a Doctor of Philosophy from University Putra Malaysia.



**DATO' PETER TANG** Finance Director and Executive Director

Dato' Peter Tang was appointed to the Board as Finance Director and Executive Director on 21 August 2015. He has over 35 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 Taxand Malaysia 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 Peter 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 8(2) of the Malaysia Companies Act.

# 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 29 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 IIA’s International Internal Audit Standards Board and the President of Asian Confederation of the Institute of Internal Auditors for the term 2016/2017. He was a member of the Global IIA’s Professional Issue Committee for the term 2014/2016.

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 Nominating 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 PriceWaterhouse 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 coordinate and assist 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.



**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 Independent Director on 21 October 2015 and re-elected on 18 April 2016. She has more than 20 years of corporate law experience, and has been a Director of LPP Law Corporation since 2014. 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** (Executive Chairman)

**DATO' TANG SWEE GUAN ("DATO' PETER TANG")** (Finance Director & Executive Director)

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

**TAN SEE YIN** (Lead Independent Director)

**LEE PIH PENG** (Independent Director)

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

## AUDIT COMMITTEE

**TAN SEE YIN** (Chairman)

**LEE PIH PENG**

**DATIN ISHARIDAH BINTI ISHAK**

## NOMINATING COMMITTEE

**DATIN ISHARIDAH BINTI ISHAK** (Chairperson)

**TAN SEE YIN**

**LEE PIH PENG**

## REMUNERATION COMMITTEE

**LEE PIH PENG** (Chairperson)

**TAN SEE YIN**

**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

## 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

Partner 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

Ground Floor, Wisma Lim Foo Yong

86 Jalan Raja Chulan

50200 Kuala Lumpur, Malaysia

## CORPORATE COMMUNICATION

**AXCELASIA INC.**

**DR. VEERINDERJEET SINGH** Email: vs@axcelasia.com

**RANJIT SINGH** Email: 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

## INVESTOR RELATIONS

**WER1 CONSULTANTS PTE LTD**

3 Phillip Street #12-01

Royal Group Building

Singapore 048693

Tel: +65 6737 4844

Fax: +65 6737 4944

# 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 2016 (“FY2016”), 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”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
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 FY2016.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
<b>BOARD MATTERS</b>																										
<b><u>The Board's Conduct of Affairs</u></b>																										
1.1	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>Executive Chairman</td> <td>21 August 2015</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>Finance Director 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 Company, with the fundamental principle to act in the best interests of the Company. 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 Company;</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 Company;</li> <li>• To review the business continuity plan of the Company; 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	Executive Chairman	21 August 2015	Dato' Tang Swee Guan	Finance Director 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	Executive Chairman	21 August 2015																								
Dato' Tang Swee Guan	Finance Director and Executive Director	21 August 2015																								
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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																																													
1.3	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 Nominating Committee (the "NC") collectively, (the "Board Committees"). The compositions of the Board Committees are as follows:</p> <table border="1" data-bbox="655 689 1433 1021"> <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, the majority 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, the majority 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, the majority 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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1.4	Have the Board and Board Committees met in the last financial year?	<p>The Company held its Board and Audit Committee meetings on 23 February 2016, 2 June 2016, 8 August 2016 and 23 November 2016. NC and RC meeting was held on 2 June 2016.</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 FY2016 and the attendance of each Board member are shown below:</p> <table border="1" data-bbox="655 1473 1433 1995"> <caption><b>Table 1.4 – Board and Board Committee Meetings in FY2016</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>4</td> <td>4</td> <td>1</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>4</td> <td>4*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>4</td> <td>4*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr. Ranjit Singh a/l Taram Singh</td> <td>4</td> <td>4*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr. Tan See Yin</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Datin Isharidah Binti Ishak</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Ms. Lee Pih Peng</td> <td>4</td> <td>4</td> <td>1</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	4	4	1	1	Name of Director	Number of Meetings Attended				Dr. Veerinderjeet Singh a/l Tejwant Singh	4	4*	1*	1*	Dato' Tang Swee Guan	4	4*	1*	1*	Mr. Ranjit Singh a/l Taram Singh	4	4*	1*	1*	Mr. Tan See Yin	4	4	1	1	Datin Isharidah Binti Ishak	4	4	1	1	Ms. Lee Pih Peng	4	4	1	1
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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>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p> <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>Not applicable. All Directors were appointed in 2015 and there were no new appointment of directors in FY2016.</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> <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 FY2016:</p> <table border="1" data-bbox="655 1417 1434 1765"> <thead> <tr> <th data-bbox="655 1417 916 1464">Name of Director</th> <th data-bbox="916 1417 1171 1464">Course</th> <th data-bbox="1171 1417 1434 1464">Training Provider</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1464 916 1615">Lee Pih Peng</td> <td data-bbox="916 1464 1171 1615">Listed Company Director Programme: Remuneration Committee Essentials</td> <td data-bbox="1171 1464 1434 1615">Singapore Institute of Directors</td> </tr> <tr> <td data-bbox="655 1615 916 1765">Dr Veerinderjeet Singh a/l Tejwant Singh</td> <td data-bbox="916 1615 1171 1765">Listed Company Director Programme: Directors' Conference 2016 – Digital 5</td> <td data-bbox="1171 1615 1434 1765">Singapore Institute of Directors</td> </tr> </tbody> </table> <p>In addition, briefings, updates and training for the Directors in FY2016 included:</p> <ul data-bbox="655 1890 1442 2089" style="list-style-type: none"> <li>• National GST Conference 2016 organised by Chartered Tax Institute of Malaysia</li> <li>• National Tax Conference 2016 organised by Chartered Tax Institute of Malaysia</li> <li>• Leadership Energy Summit Asia (LESA) 2016 organised by The ICIF Leadership and Governance Centre</li> </ul>	Name of Director	Course	Training Provider	Lee Pih Peng	Listed Company Director Programme: Remuneration Committee Essentials	Singapore Institute of Directors	Dr Veerinderjeet Singh a/l Tejwant Singh	Listed Company Director Programme: Directors' Conference 2016 – Digital 5	Singapore Institute of Directors
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<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.	<p>Guideline 2.1 of the Code is met as the Independent Directors make up 50% of the Board.</p> <p>In view that the Chairman of the Board (the "Chairman") is also the chief executive officer ("CEO"), and is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors made up 50% of the Board. Mr. Tan See Yin has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman, CEO and or CFO has failed to resolve, or where such contact is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings. The Lead Independent Director is also responsible for leading the meetings of independent directors and providing feedback to the Chairman on matters discussed at such meetings.</p>
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>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.</p> <p>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 24 February 2017.</p>
	<p>(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</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	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.

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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.																																				
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 1039 1430 1626"> <thead> <tr> <th colspan="3" data-bbox="655 1039 1430 1077"><b>Table 2.6 – Balance and Diversity of the Board</b></th> </tr> <tr> <th data-bbox="655 1077 1050 1151"></th> <th data-bbox="1050 1077 1238 1151"><b>Number of Directors</b></th> <th data-bbox="1238 1077 1430 1151"><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="655 1151 1430 1189"><b>Core Competencies</b></td> </tr> <tr> <td data-bbox="655 1189 1050 1234">– Accounting or finance</td> <td data-bbox="1050 1189 1238 1234">5</td> <td data-bbox="1238 1189 1430 1234">83%</td> </tr> <tr> <td data-bbox="655 1234 1050 1279">– Business management</td> <td data-bbox="1050 1234 1238 1279">6</td> <td data-bbox="1238 1234 1430 1279">100%</td> </tr> <tr> <td data-bbox="655 1279 1050 1323">– Legal or corporate governance</td> <td data-bbox="1050 1279 1238 1323">6</td> <td data-bbox="1238 1279 1430 1323">100%</td> </tr> <tr> <td data-bbox="655 1323 1050 1391">– Relevant industry knowledge or experience</td> <td data-bbox="1050 1323 1238 1391">6</td> <td data-bbox="1238 1323 1430 1391">100%</td> </tr> <tr> <td data-bbox="655 1391 1050 1435">– Strategic planning experience</td> <td data-bbox="1050 1391 1238 1435">6</td> <td data-bbox="1238 1391 1430 1435">100%</td> </tr> <tr> <td data-bbox="655 1435 1050 1503">– Customer based experience or knowledge</td> <td data-bbox="1050 1435 1238 1503">6</td> <td data-bbox="1238 1435 1430 1503">100%</td> </tr> <tr> <td colspan="3" data-bbox="655 1503 1430 1541"><b>Gender</b></td> </tr> <tr> <td data-bbox="655 1541 1050 1585">– Male</td> <td data-bbox="1050 1541 1238 1585">4</td> <td data-bbox="1238 1541 1430 1585">67%</td> </tr> <tr> <td data-bbox="655 1585 1050 1626">– Female</td> <td data-bbox="1050 1585 1238 1626">2</td> <td data-bbox="1238 1585 1430 1626">33%</td> </tr> </tbody> </table> <p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul data-bbox="655 1749 1442 1951" 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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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 FY2016, 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>Dr. Veerinderjeet Singh, the Executive Chairman also assumes the roles of the CEO. The Company believes that a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board is of the opinion that there would be no need to separate the two roles after taking into considerations the following:</p> <ul style="list-style-type: none"> <li>• Size and capabilities of the Board;</li> <li>• Size and operations of the Group;</li> <li>• Safeguards currently in place (such as the requirement for the Board's approval for material transactions which exceed certain thresholds in accordance with the approved DAL document to ensure that decision-making by the Board is collective) and</li> <li>• Strong independent element on the Board with 50% of the Board members are Independent Directors.</li> </ul> <p>As CEO, Dr. Veerinderjeet Singh is responsible for overseeing the strategic positioning of the Group. In addition to managing the day-to-day business operations of the Group, he is to ensure that each member of the Board and the Management works well together with integrity and competency.</p> <p>As Chairman, he 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>
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 FY2016, the Independent Directors had met two (2) times in the absence of the other directors.</p>

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<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 discharged their duties for FY2016.

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4.5	Are there 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>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 1433 2033"> <thead> <tr> <th colspan="3" data-bbox="655 689 1433 779"><b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 779 711 1395">1.</td> <td data-bbox="711 779 954 1395">Determination of selection criteria</td> <td data-bbox="954 779 1433 1395"> <p>The NC, in consultation with the Board, will consider the following factors when reviewing a candidate for Board appointment:</p> <ul 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 711 1655">2.</td> <td data-bbox="711 1395 954 1655">Search for suitable candidates</td> <td data-bbox="954 1395 1433 1655"> <ul 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 1655 711 1771">3.</td> <td data-bbox="711 1655 954 1771">Assessment of shortlisted candidates</td> <td data-bbox="954 1655 1433 1771"> <ul 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 1771 711 2033">4.</td> <td data-bbox="711 1771 954 2033">Appointment of director</td> <td data-bbox="954 1771 1433 2033"> <ul 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>The NC, in consultation with the Board, will consider the following factors when reviewing a candidate for Board appointment:</p> <ul 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 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 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 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="655 568 1433 600"><b>Table 4.6(b) – Process for the Re-electing Incumbent Directors</b></p> <table border="1" data-bbox="655 611 1433 987"> <tbody> <tr> <td data-bbox="655 611 711 842">1.</td> <td data-bbox="711 611 954 842">Assessment of director</td> <td data-bbox="954 611 1433 842"> <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="655 842 711 987">2.</td> <td data-bbox="711 842 954 987">Re-appointment of director</td> <td data-bbox="954 842 1433 987">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 1032 1433 1335">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 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 1379 1433 1435">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 1469 1433 1704"> <thead> <tr> <th colspan="3" data-bbox="655 1469 1433 1514"><b>Table 4.6(c) – Directors to be Retired Pursuant to the Articles</b></th> </tr> <tr> <th data-bbox="655 1514 1007 1570">Name of Director</th> <th data-bbox="1007 1514 1318 1570">Designation</th> <th data-bbox="1318 1514 1433 1570">Articles</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1570 1007 1648">Dato' Tang Swee Guan</td> <td data-bbox="1007 1570 1318 1648">Finance Director and Executive Director</td> <td data-bbox="1318 1570 1433 1648">97</td> </tr> <tr> <td data-bbox="655 1648 1007 1704">Ranjit Singh a/l Taram Singh</td> <td data-bbox="1007 1648 1318 1704">Executive Director</td> <td data-bbox="1318 1648 1433 1704">97</td> </tr> </tbody> </table> <p data-bbox="655 1727 1433 1821">Each of Dato' Tang Swee Guan and Mr Ranjit Singh a/l Taram Singh will, upon re-election as a Director, remain as an Executive Director of the Company.</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	Dato' Tang Swee Guan	Finance Director and Executive Director	97	Ranjit Singh a/l Taram Singh	Executive 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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# CORPORATE GOVERNANCE

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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 FY2016, 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.</p> <p>No external facilitator was used in the evaluation process.</p>																								
	(b) Has the Board met its performance objectives?	The Board had met its performance objectives.																								
<b>Access to Information</b>																										
6.1 10.3	What types of information does the Company provide to Independent Directors 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 Independent Directors are set out in the table below:</p> <table border="1" data-bbox="655 1346 1433 1901"> <thead> <tr> <th colspan="3" data-bbox="655 1346 1433 1417"><b>Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors</b></th> </tr> <tr> <th data-bbox="655 1417 711 1462"></th> <th data-bbox="711 1417 1257 1462">Information</th> <th data-bbox="1257 1417 1433 1462">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1462 711 1563">1.</td> <td data-bbox="711 1462 1257 1563">Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary).</td> <td data-bbox="1257 1462 1433 1563">Quarterly</td> </tr> <tr> <td data-bbox="655 1563 711 1630">2.</td> <td data-bbox="711 1563 1257 1630">Updates to the Group's operations and the markets in which the Group operates in.</td> <td data-bbox="1257 1563 1433 1630">Quarterly</td> </tr> <tr> <td data-bbox="655 1630 711 1697">3.</td> <td data-bbox="711 1630 1257 1697">Reports on on-going or planned corporate actions</td> <td data-bbox="1257 1630 1433 1697">As and when applicable</td> </tr> <tr> <td data-bbox="655 1697 711 1765">4.</td> <td data-bbox="711 1697 1257 1765">Enterprise risk management report and internal audit report</td> <td data-bbox="1257 1697 1433 1765">As and when available</td> </tr> <tr> <td data-bbox="655 1765 711 1832">5.</td> <td data-bbox="711 1765 1257 1832">Research report(s)</td> <td data-bbox="1257 1765 1433 1832">As and when available</td> </tr> <tr> <td data-bbox="655 1832 711 1901">6.</td> <td data-bbox="711 1832 1257 1901">Shareholding statistics</td> <td data-bbox="1257 1832 1433 1901">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 Independent 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.	Research report(s)	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 FY2016.
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.</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 FY2016 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><b>Table 9.2 - Directors' Remuneration</b></th> </tr> <tr> <th><b>Name</b></th> <th><b>Salary (%)</b></th> <th><b>Bonus (%)</b></th> <th><b>Directors' Fees (%)</b></th> <th><b>Benefits-in-kind (%)</b></th> <th><b>Total (%)</b></th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Below S\$250,000</b></td> </tr> <tr> <td>Dr. Veerinderjeet Singh</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>There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2016.</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 highly competitive environments.</p>	<b>Table 9.2 - Directors' Remuneration</b>						<b>Name</b>	<b>Salary (%)</b>	<b>Bonus (%)</b>	<b>Directors' Fees (%)</b>	<b>Benefits-in-kind (%)</b>	<b>Total (%)</b>	<b>Below S\$250,000</b>						Dr. Veerinderjeet Singh	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 FY2016 was as follows:</p> <table border="1"> <caption><b>Table 9.3 – Remuneration of Key Management Personnel</b></caption> <thead> <tr> <th>Name</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Derek Lee Siew Weng</td> <td>87</td> <td>13</td> <td>0</td> <td>100</td> </tr> <tr> <td>Kenny Harris Wong</td> <td>100</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Renuka Bhupalan<sup>1</sup></td> <td>100</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Datin Chai Seow Lin<sup>2</sup></td> <td>89</td> <td>11</td> <td>0</td> <td>100</td> </tr> <tr> <td>Sylvia Anita Rockey</td> <td>86</td> <td>14</td> <td>0</td> <td>100</td> </tr> <tr> <td>Sivaruban Kandasamy</td> <td>89</td> <td>11</td> <td>0</td> <td>100</td> </tr> <tr> <td>Cheah Mei Hua</td> <td>93</td> <td>7</td> <td>0</td> <td>100</td> </tr> </tbody> </table> <p><sup>1</sup> Resigned on 31 December 2016.  <sup>2</sup> Spouse of Dato' Tang Swee Guan, Finance Director and Executive Director.</p> <p>The total remuneration paid to the top seven (7) key management personnel in FY2016 was S\$548,000.</p>	Name	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	<b>Below S\$250,000</b>					Derek Lee Siew Weng	87	13	0	100	Kenny Harris Wong	100	0	0	100	Renuka Bhupalan <sup>1</sup>	100	0	0	100	Datin Chai Seow Lin <sup>2</sup>	89	11	0	100	Sylvia Anita Rockey	86	14	0	100	Sivaruban Kandasamy	89	11	0	100	Cheah Mei Hua	93	7	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' Peter Tang Swee Guan, the Finance Director and Executive Director. The remuneration of Datin Chai in FY2016 was in bands of S\$50,000 to S\$100,000.</p> <p>Other than as disclosed, there was no employee of the Group who was an immediate family member of a Director whose remuneration exceeded S\$50,000 in FY2016.</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 40 to 42 of this Annual Report.</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 FY2016. 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" data-bbox="655 936 1433 1503"> <thead> <tr> <th colspan="3" data-bbox="655 936 1433 987"><b>Table 9.6(b)</b></th> </tr> <tr> <th data-bbox="655 987 855 1077"><b>Performance Conditions</b></th> <th data-bbox="855 987 1190 1077"><b>Short-term Incentives</b></th> <th data-bbox="1190 987 1433 1077"><b>Long-term Incentives</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1077 855 1294">Qualitative</td> <td data-bbox="855 1077 1190 1294"> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. People development</li> <li>3. Commitment</li> <li>4. Marketing effort</li> <li>5. Implementation of better practices</li> </ol> </td> <td data-bbox="1190 1077 1433 1503" 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 data-bbox="655 1294 855 1503">Quantitative</td> <td data-bbox="855 1294 1190 1503"> <ol style="list-style-type: none"> <li>1. Revenue growth</li> <li>2. 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>1. Leadership</li> <li>2. People development</li> <li>3. Commitment</li> <li>4. Marketing effort</li> <li>5. 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>1. Revenue growth</li> <li>2. Client based growth</li> </ol>
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Quantitative	<ol style="list-style-type: none"> <li>1. Revenue growth</li> <li>2. 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 FY2016. The performance condition set by the RC in respect of the Group achieving a minimum profit before tax of RM5.0 million for FY2016 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	(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>The Board 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 FY2016.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the Executive Chairman and Finance Director;</li> <li>2. Finance and accounting policies and DAL were established and approved by the Board;</li> <li>3. Availability of key policies on finance &amp; accounting (including DAL), investment, information technology and business continuity management;</li> <li>4. The Company outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd, which will report audit findings and recommendations directly to the AC;</li> <li>5. 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>6. An enterprise risk management framework was established to identify, manage and mitigate significant risks; and</li> <li>7. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels.</li> </ol> <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</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>Yes, the Board has obtained such assurance from the Executive Chairman and Finance Director in respect of FY2016.</p> <p>The Board has 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 since FY2016 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 Catalist 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 Catalist 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 two (2) times and with the IA one (1) time in the absence of key management in FY2016.									
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice 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 FY2016</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>65,000</td> <td>100%</td> </tr> </tbody> </table> <p>There were no fees paid to the EA for non-audit services for FY2016.</p>	<b>Table 12.6(a) – Fees Paid/Payable to the EA for FY2016</b>				<b>S\$</b>	<b>% of total</b>	Audit fees	65,000	100%
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Audit fees	65,000	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 FY2016.</p>									
12.7	Does the Company have a whistleblowing policy?	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).									
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 FY2016, 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.									

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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 Baker Tilly Monteiro Heng Governance Sdn Bhd ("IA") since February 2016. 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 as there is a team of 2 members, one of them is at the managerial level members assigned to the Company's internal audit, and led by a Director who has 16 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?	<p>The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following:</p> <ul style="list-style-type: none"> <li>• A dedicated external investor relations team whose contact details can be found in the corporate website of the Group;</li> <li>• Investor/analyst briefings; and</li> <li>• Investor roadshows.</li> </ul> <p>The Company held 2 investor briefings in FY2016 to meet with its institutional and retail investors.</p>
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The investors briefings were coordinated by a dedicated external investor relations team.
	(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?	<p>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).</p> <p>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 for FY2016 and financial year ending 31 December 2017 to reward shareholders of the Company for participating in the Group's growth.</p>
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has not proposed a dividend for FY2016 as 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 FY2016 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 FY2016 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 Executive Chairman and Finance Director; and</li> <li>• On-going review by the Board Committees and key management personnel.</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 more than S\$100,000 transacted during FY2016.</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 FY2016.

# CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES																																		
<u>Catalist Rule</u>	<u>Rule Description</u>	<u>Company's Compliance or Explanation</u>																																
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 28 February 2017.</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 28 February 2017 (\$'000)</b></th> <th><b>Amount utilised as at 28 February 2017 (\$'000)</b></th> <th><b>Amount unutilised as at 28 February 2017 (\$'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>(829)</td> <td>3,171</td> </tr> <tr> <td>Enhance our Group's office and support infrastructure</td> <td>500</td> <td>500</td> <td>(111)</td> <td>389</td> </tr> <tr> <td>Working capital</td> <td>1,080</td> <td>3,080<sup>(2)</sup></td> <td>(1,080)<sup>(1)</sup></td> <td>2,000</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>(3,320)</b></td> <td><b>5,560</b></td> </tr> </tbody> </table>			<b>Purpose</b>	<b>Amount allocated in the Offer Document (\$'000)</b>	<b>Amount reallocated on 28 February 2017 (\$'000)</b>	<b>Amount utilised as at 28 February 2017 (\$'000)</b>	<b>Amount unutilised as at 28 February 2017 (\$'000)</b>	Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(829)	3,171	Enhance our Group's office and support infrastructure	500	500	(111)	389	Working capital	1,080	3,080 <sup>(2)</sup>	(1,080) <sup>(1)</sup>	2,000	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>(3,320)</b>	<b>5,560</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>																																



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

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 49 to 94 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 2016 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
	31.12.2016	01.01.2016	31.12.2016	01.01.2016
Company (No. of ordinary shares)				
Dr. Veerinderjeet Singh A/L Tejwant Singh	23,367,500	23,367,500	900,000	80,000
Dato' Tang Swee Guan	34,552,700	32,223,500	3,444,000	3,444,000
Ranjit Singh A/L Taram Singh	36,518,660	36,518,660	-	-

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## **Directors' interests in shares or debentures** (Continued)

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

In accordance with the continuing listing requirements of Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interest as at 21 January 2017 in the shares of the Company have not changed from those disclosed as at 31 December 2016.

## **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 Nominating 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) 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.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Share options/share awards (Continued)

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

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.

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 from time to time.

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;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Share options/share awards (Continued)

### THE AXCELASIA PERFORMANCE SHARE PLAN (Continued)

- (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 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);

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## Audit committee (Continued)

- 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;
- 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 Catalist Rules, 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 Catalist Rules, 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 2016.

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 2016

## 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

23 March 2017

# 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 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 49 to 94.

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 2016 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</b> (Continued)</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 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, 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 4.3 million. This represents 13% of the Group's total assets.</p> <p>Trade receivables overdue for more than 90 days, representing 31% of total trade receivables as at 31 December 2016, 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 2016.</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.

## *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.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

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

- 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.

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 partner 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**

**23 March 2017**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
Revenue	4	16,175,083	25,299,790
Other income – net	5	389,611	875,718
Expenses			
– Depreciation of property, plant and equipment	13	(341,965)	(253,723)
– Employee compensation	6	(12,432,158)	(9,326,709)
– Referral fees and research charges		(26,861)	(136,934)
– Rental on operating lease and maintenance		(1,102,492)	(702,002)
– Subcontractors' fee		(2,079,462)	(3,744,816)
– Other expenses	7	(3,664,487)	(2,205,088)
Total expenses		(19,647,425)	(16,369,272)
(Loss)/profit before income tax		(3,082,731)	9,806,236
Income tax expense	8	(306,907)	(1,964,979)
<b>Net (loss)/profit</b>		<b>(3,389,638)</b>	<b>7,841,257</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gains	19	72,053	–
<b>Total comprehensive (loss)/income</b>		<b>(3,317,585)</b>	<b>7,841,257</b>
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		(3,132,322)	7,866,462
Non-controlling interests		(257,316)	(25,205)
		<b>(3,389,638)</b>	<b>7,841,257</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		(3,080,061)	7,866,462
Non-controlling interests		(237,524)	(25,205)
		<b>(3,317,585)</b>	<b>7,841,257</b>
<b>(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)</b>			
– Basic	9	(1.95)	10.22
– Diluted	9	(1.95)	10.22

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

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>					
<b>Current assets</b>					
Trade and other receivables	10	5,189,710	6,602,878	458,581	2,032,939
Income tax recoverable	11	1,028,370	–	–	–
Cash and cash equivalents	12	25,327,631	28,982,149	20,378,405	23,269,346
		<u>31,545,711</u>	<u>35,585,027</u>	<u>20,836,986</u>	<u>25,302,285</u>
<b>Non-current assets</b>					
Property, plant and equipment	13	1,636,305	795,576	282,872	–
Investments in subsidiary corporations	14	–	–	6,262,583	4,831,320
Development cost in progress	15	–	305,655	–	–
		<u>1,636,305</u>	<u>1,101,231</u>	<u>6,545,455</u>	<u>4,831,320</u>
<b>Total assets</b>		<u>33,182,016</u>	<u>36,686,258</u>	<u>27,382,441</u>	<u>30,133,605</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	1,821,841	2,019,841	309,203	211,960
Current tax liabilities		12,418	588,336	–	–
		<u>1,834,259</u>	<u>2,608,177</u>	<u>309,203</u>	<u>211,960</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	13,801	19,840	–	–
<b>Total liabilities</b>		<u>1,848,060</u>	<u>2,628,017</u>	<u>309,203</u>	<u>211,960</u>
<b>NET ASSETS</b>		<u>31,333,956</u>	<u>34,058,241</u>	<u>27,073,238</u>	<u>29,921,645</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	18	27,817,984	27,817,984	27,817,984	27,817,984
Merger reserve		(2,691,859)	(2,691,859)	–	–
Other reserve	19	52,261	–	–	–
Retained profits/(accumulated losses)		<u>5,775,999</u>	<u>8,908,321</u>	<u>(744,746)</u>	<u>2,103,661</u>
		30,954,385	34,034,446	27,073,238	29,921,645
<b>Non-controlling interests</b>	14	<u>379,571</u>	<u>23,795</u>	–	–
<b>TOTAL EQUITY</b>		<u>31,333,956</u>	<u>34,058,241</u>	<u>27,073,238</u>	<u>29,921,645</u>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to the equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Merger reserve	Other reserve	Retained profits <sup>(1)</sup>	Total			
	RM	RM	RM	RM	RM	RM		
<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>	

	Note	Attributable to the equity holders of the Company						Non-controlling interests	Total equity
		Share capital	Merger reserve	Retained profits <sup>(1)</sup>	Total				
		RM	RM	RM	RM	RM			
<b>Balance at 1 January 2015</b>		250,000	–	2,691,859	2,941,859	–	2,941,859		
Shares swap pursuant to restructuring exercise		(250,000)	(2,691,859)	–	(2,941,859)	–	(2,941,859)		
Issue of new shares as at incorporation date	18	8	–	–	8	–	8		
Issue of new shares pursuant to restructuring exercise	18	2,941,854	–	–	2,941,854	–	2,941,854		
Issue of new shares as consideration paid for acquisition of subsidiary corporations	18	1,889,458	–	–	1,889,458	49,000	1,938,458		
Issue of new shares pursuant to the placement	18	26,543,468	–	–	26,543,468	–	26,543,468		
Issue of new shares	18	1,365,255	–	–	1,365,255	–	1,365,255		
Share issuance expense		(4,922,059)	–	–	(4,922,059)	–	(4,922,059)		
Dividend relating to 2014 paid	21	–	–	(1,650,000)	(1,650,000)	–	(1,650,000)		
Total comprehensive income for the year		–	–	7,866,462	7,866,462	(25,205)	7,841,257		
<b>Balance at 31 December 2015</b>		<b>27,817,984</b>	<b>(2,691,859)</b>	<b>8,908,321</b>	<b>34,034,446</b>	<b>23,795</b>	<b>34,058,241</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 2016

	Note	2016 RM	2015 RM
<b>Cash flows from operating activities</b>			
Net (loss)/profit		(3,389,638)	7,841,257
Adjustments for:			
– Income tax expense	8	306,907	1,964,979
– Depreciation of property, plant and equipment	13	341,965	253,723
– Government grant	5	–	(227,411)
– Interest income	5	(637,380)	(61,580)
– Investment in associated company written off	7	–	5,540
– Property, plant and equipment written off	7	5,130	–
– Gain on disposal of property, plant and equipment	5	–	(74,333)
– Goodwill written off	7	13,941	–
– Provision for repayment of government grant	7	184,735	–
– Unrealised currency translation difference		133,107	–
		<u>(3,041,233)</u>	<u>9,702,175</u>
Changes in working capital:			
– Trade and other receivables		1,574,454	(1,560,254)
– Trade and other payables		<u>(382,735)</u>	<u>(1,287,399)</u>
Cash (used in)/generated from operations		(1,849,514)	6,854,522
Interest received	5	31,138	8,761
Income tax paid		<u>(1,917,234)</u>	<u>(1,772,869)</u>
<b>Net cash (used in)/provided by operating activities</b>		<u>(3,735,610)</u>	<u>5,090,414</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary corporation, net of cash	27	(13,941)	138,578
Additions to property, plant and equipment	13	(525,145)	(405,477)
Development cost in progress	15	(344,345)	(305,655)
Interest received		<u>444,956</u>	<u>39,958</u>
<b>Net cash used in investing activities</b>		<u>(438,475)</u>	<u>(532,596)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		–	27,908,731
Proceeds from issuance of ordinary shares to non-controlling interests		593,300	49,000
Share issuance expense		–	(4,922,059)
Government grant received		–	168,238
Dividends paid	21	–	(1,650,000)
Placement of fixed deposit pledged	12	<u>(45,000)</u>	<u>–</u>
<b>Net cash provided by financing activities</b>		<u>548,300</u>	<u>21,553,910</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(3,625,785)</u>	<u>26,111,728</u>
<b>Cash and cash equivalents</b>			
Beginning of financial year		28,982,149	2,870,421
Effects of currency translation on cash and cash equivalents		<u>(73,733)</u>	<u>–</u>
<b>End of financial year</b>	12	<u>25,282,631</u>	<u>28,982,149</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

## 1 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 14.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been 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.

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

#### ***Interpretations and amendments to published standards effective in 2016***

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year ended 31 December 2016. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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 goods 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.

### 2.3 Government grants

Grants from the government are recognised as 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 grant receivables 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 2016

## 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 over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, 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'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, other than those entities which are under common control.

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 corporations 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 2016

## 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.

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 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 corporations, the assets and liabilities of the subsidiary corporations 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 2016

## 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
Motor vehicles	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 balance sheet 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 2016

## 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 income – net".

### 2.6 Impairment of non-financial assets

#### *Property, plant and equipment*

#### *Investments in subsidiary corporations*

#### *Development expenditure*

Property, plant and equipment, investments in subsidiary corporations and development expenditure 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 cash-generating units ("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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed 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 is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Development expenditure

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of a new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses. Development expenditure in progress is not amortised till completion.

### 2.8 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and 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 balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 10), "Cash and cash equivalents" (Note 12) on the statements of financial position.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (Continued)

#### (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 balance sheet 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.

### 2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 corporations in respect of a binding contract with its customer.

### 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 balance sheet 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 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 balance sheet date; and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Income taxes (Continued)

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet 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 profit or loss 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.

### 2.16 Employee compensation

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

#### (i) *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.

#### (ii) *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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Employee compensation (Continued)

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 rate at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors 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, 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.

### 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.

### 2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

## 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

#### *Impairment of loans and receivables*

Management reviews its loans and 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

#### *Impairment of loans and receivables (Continued)*

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 receivables. As at 31 December 2016, the write off of trade receivables is RM185,690 (2015: Nil). 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 loans and receivables, the allowance for impairment of the Group for the financial year ended 31 December 2016 would have been higher by RM247,000 (2015: RM164,000).

## 4 REVENUE

	Group	
	2016 RM	2015 RM
Services rendered	15,789,673	23,950,983
License of software	385,410	1,348,807
	<u>16,175,083</u>	<u>25,299,790</u>

## 5 OTHER INCOME – NET

	Group	
	2016 RM	2015 RM
Interest income		
– Bank deposits	31,138	8,761
– Fixed deposits	606,242	52,819
Realised foreign exchange (loss)/gain, net	(378,537)	10,559
Unrealised foreign exchange gain, net	97,868	490,336
Government grant	–	227,411
Gain on disposal of property, plant and equipment	–	74,333
Sundry income	32,900	11,499
	<u>389,611</u>	<u>875,718</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 6 EMPLOYEE COMPENSATION

	Group	
	2016 RM	2015 RM
Salaries and bonus	10,661,581	8,013,738
Employer's contribution to defined contributions plan	1,465,727	1,004,259
Other short-term benefits	304,850	308,712
	<u>12,432,158</u>	<u>9,326,709</u>

## 7 OTHER EXPENSES

	Group	
	2016 RM	2015 RM
Accommodation	31,613	50,266
Accounting fee	–	51,076
Advertising and promotion	201,482	104,317
Fees on audit services paid/payable to:		
– Auditor of the Company	156,550	154,847
– Other auditors	40,500	–
Trade receivables written off	185,690	–
Conference expenses	106,526	61,658
Entertainment	27,240	47,970
Insurance	151,147	189,536
Internal audit fee	15,000	–
Investment in associated company written off	–	5,540
Petrol, toll and parking	59,588	104,893
Printing and stationery	155,175	236,679
Postage and courier	30,110	24,364
Property, plant and equipment written off	5,130	–
Seminar and training expenses	72,261	158,999
Share of administration expenses	76,555	57,739
Subscription fee	194,008	111,393
Telephone, fax and internet	69,744	88,548
Travelling expenses	505,228	525,917
Continuing sponsorship fee	286,934	27,229
Direct expenses	191,370	70,269
Consultancy services	139,140	46,153
Penalty	110,548	–
Provision for repayment of government grant	184,735	–
Secretarial and filing fee	70,275	11,742
Goodwill written off	13,941	–
Stamp duty	30,115	18,759
Utilities	41,703	22,864
Directors' fee	237,948	–
Others	274,231	34,330
	<u>3,664,487</u>	<u>2,205,088</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8 INCOME TAXES

### Income tax expense

	Group	
	2016	2015
	RM	RM
Tax expense attributable to (loss)/profit is made up of:		
Income tax expense		
– Current year provision	220,000	1,964,979
– Under provision in prior year	92,946	–
	<u>312,946</u>	<u>1,964,979</u>
Deferred income tax		
– Over provision in prior year (Note 17)	(6,039)	–
	<u>306,907</u>	<u>1,964,979</u>

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

	Group	
	2016	2015
	RM	RM
(Loss)/profit before tax	<u>(3,082,731)</u>	<u>9,806,236</u>
Tax calculated at tax rate of 24% (2015: 25%)	(739,855)	2,451,559
Effects of:		
– Effect of non-taxable income	(11,869)	(38,415)
– Expenses not deductible	848,966	12,860
– Effect of reduction in income tax rate	–	(55,193)
– Tax incentives	(136,121)	(405,492)
– Deferred tax asset not recognised	262,319	–
– Under provision of current income tax	92,946	–
– Over provision of deferred income tax	(6,039)	–
– Other	(3,440)	(340)
Tax charge	<u>306,907</u>	<u>1,964,979</u>

Tax in respect of small and medium scale companies with paid up capital of RM2,500,000 and below is calculated at the statutory tax rate of 19% (2015: 20%) on chargeable income up to RM500,000, under paragraph 2A, Schedule 1 of the Income Tax Act, 1967. For chargeable income in excess of RM500,000, the tax rate of 24% (2015: 25%) is applicable. The Group no longer falls under the category of a small and medium scale company as at 31 December 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 8 INCOME TAXES (CONTINUED)

### 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 2016, AGBS has tax exempt profits available for distribution of approximately RM1,142,000 (2015: RM618,000) subject to agreement with Inland Revenue Board.

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 RM1,093,000 (2015: Nil), 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)/EARNINGS PER SHARE

	Group	
	2016 RM	2015 RM
(Loss)/profit attributable to equity holders of the Company	(3,132,322)	7,866,462
Weighted average number of ordinary shares for basic earnings per share	160,320,000	76,941,656
Basic (loss)/earnings per share (cents per share)	(1.95)	10.22
Diluted (loss)/earnings per share (cents per share)	(1.95)	10.22

### (a) Basic earnings per share

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 9 (LOSS)/EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per shares

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.

There was no diluted earnings per share for the financial year ended 31 December 2015 as there were no dilutive potential ordinary shares outstanding.

As loss was recorded in 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.

## 10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables – non-related parties	4,301,303	5,483,843	–	–
Other receivables				
– Non-related parties	238,022	769,304	192,458	–
– Subsidiary corporation	–	–	45,330	72,578
Deposits	410,404	294,208	49,074	–
Prepayments	65,834	42,662	–	–
Accrued interest receivable	174,147	12,861	171,719	10,361
Dividend receivable	–	–	–	1,950,000
	<u>5,189,710</u>	<u>6,602,878</u>	<u>458,581</u>	<u>2,032,939</u>

Amount due from subsidiary corporation is unsecured, interest-free and repayable on demand.

## 11 INCOME TAX RECOVERABLE

	Group 2016 RM
Income tax recoverable	<u>1,028,370</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash at bank and on hand	7,933,947	20,647,518	4,098,277	15,969,346
Bank deposits	17,393,684	8,334,631	16,280,128	7,300,000
	<u>25,327,631</u>	<u>28,982,149</u>	<u>20,378,405</u>	<u>23,269,346</u>

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

	Group	
	2016 RM	2015 RM
Cash and bank balances (as above)	25,327,631	28,982,149
Less: Bank deposits pledged	(45,000)	–
Cash and cash equivalents per consolidated statement of cash flows	<u>25,282,631</u>	<u>28,982,149</u>

Bank deposits are pledged in relation to the security granted for a bank guarantee.

### *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>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 15)	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>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>						
<b>2015</b>						
<b>Cost</b>						
At 1 January 2015	226,788	109,824	–	28,978	100,410	466,000
Arising from business combination	575,766	32,418	200,000	56,786	14,395	879,365
Reclassification from development cost in progress (Note 15)	257,077	–	–	–	–	257,077
Additions	101,222	254,955	–	48,266	1,034	405,477
Disposals	–	–	(200,000)	–	–	(200,000)
At 31 December 2015	<u>1,160,853</u>	<u>397,197</u>	<u>–</u>	<u>134,030</u>	<u>115,839</u>	<u>1,807,919</u>
<b>Accumulated depreciation</b>						
At 1 January 2015	155,254	80,690	–	18,489	61,142	315,575
Arising from business combination	382,633	22,335	180,000	45,198	2,879	633,045
Depreciation charge	148,810	63,169	10,000	17,008	14,736	253,723
Disposals	–	–	(190,000)	–	–	(190,000)
At 31 December 2015	<u>686,697</u>	<u>166,194</u>	<u>–</u>	<u>80,695</u>	<u>78,757</u>	<u>1,012,343</u>
<b>Net book value</b>						
At 31 December 2015	<u>474,156</u>	<u>231,003</u>	<u>–</u>	<u>53,335</u>	<u>37,082</u>	<u>795,576</u>
	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM	
<b>Company</b>						
<b>2016</b>						
<b>Cost</b>						
At 1 January 2016	–	–	–	–	–	–
Additions	177,819	46,922	1,964	126,885	353,590	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>	<u>353,590</u>
<b>Accumulated depreciation</b>						
At 1 January 2016	–	–	–	–	–	–
Depreciation charge	35,564	9,384	393	25,377	70,718	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>	<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>	<u>282,872</u>

There was no property, plant and equipment for the Company as at 31 December 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2016 RM	2015 RM
Equity investments at cost		
Beginning of financial year/date of incorporation	4,831,320	–
Incorporation during the financial year	1,430,204	–
Acquisition during the financial year	1,059	4,831,320
End of financial year	6,262,583	4,831,320

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	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by Company</u>								
Axcelasia Taxand Sdn. Bhd. <sup>(a)</sup> (f.k.a. Taxand Malaysia Sdn. Bhd.)	Provision of tax compliance, tax advisory services, training and knowledge management services	Malaysia	100	100	100	100	–	–
Axcelasia Singapore Pte. Ltd. <sup>(c)(d)</sup>	Provision of management consultancy services	Singapore	75	–	75	–	25	–
Axcelasia Lao Co., Ltd. <sup>(a)(c)</sup>	Provision of management consultancy services	Laos	65	–	65	–	35	–
<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	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<u>Held by Axcelasia Taxand Sdn. Bhd. (continued)</u>								
Axcelasia	Provision of	Malaysia	100	100	–	–	–	–
Columbus Sdn. Bhd. <sup>(a)</sup>	management consultancy services							
Axcelasia Talent Sdn. Bhd. <sup>(a)(b)</sup>	Provision of recruitment and human resource consultancy services	Malaysia	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.

(d) Audited by Nexia TS Public Accounting Corporation, Singapore.

*Carrying value of non-controlling interests*

	Group	
	2016 RM	2015 RM
Axcelasia HR Consulting Sdn. Bhd.	143,211	23,795
Axcelasia Singapore Pte. Ltd.	215,544	–
Axcelasia Lao Co., Ltd.	20,816	–
Total	<u>379,571</u>	<u>23,795</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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

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

*Summarised balance sheet*

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.
	2016 RM	2015 RM	2016 RM
<b>Current</b>			
Assets	442,237	66,515	738,898
Liabilities	(153,337)	(22,444)	(11,493)
Total current assets	288,900	44,071	727,405
<b>Non-current</b>			
Assets	3,368	4,491	134,770
Total non-current assets	3,368	4,491	134,770
<b>Net assets</b>	292,268	48,562	862,175

*Summarised income statement*

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd. For the financial period from 21 January 2016 (date of incorporation) to 31 December
	2016 RM	2015 RM	2016 RM
Revenue	822,500	458,000	39,384
<b>Profit/(loss) before income tax</b>	187,529	(51,438)	(663,562)
Income tax expense	(43,823)	-	-
<b>Total comprehensive income/(loss)</b>	143,706	(51,438)	(663,562)
<b>Total comprehensive income/(loss) attributable to non-controlling interests</b>	70,416	(25,205)	(165,890)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 14 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Summarised financial information of subsidiary corporations with material non-controlling interests (Continued)

Summarised cash flows

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd. For the financial period from 21 January 2016 (date of incorporation) to 31 December 2016
	31 December 2016 RM	31 December 2015 RM	2016 RM
Cash flows from operating activities			
Cash used in operations	(33,382)	(27,872)	(654,912)
Income tax paid	(75,684)	–	–
<b>Net cash used in operating activities</b>	<b>(109,066)</b>	<b>(27,872)</b>	<b>(654,912)</b>
<b>Net cash used in investing activities</b>	<b>–</b>	<b>(5,614)</b>	<b>(158,505)</b>
<b>Net cash generated from financing activities</b>	<b>100,000</b>	<b>100,000</b>	<b>1,471,470</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,066)</b>	<b>66,514</b>	<b>658,053</b>
Beginning of financial year	66,514	–	–
<b>End of financial year</b>	<b>57,448</b>	<b>66,514</b>	<b>658,053</b>

## 15 DEVELOPMENT COST IN PROGRESS

	Group	
	2016 RM	2015 RM
EMS Software:		
At beginning of the year	305,655	–
Arising from business combination	–	257,077
Capitalised during the year	344,345	305,655
Reclassification to property, plant and equipment (Note 13)	(650,000)	(257,077)
At end of the year	–	305,655

## 16 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Accruals	735,495	1,038,730	87,811	55,144
Other payables – non-related parties	1,057,746	981,111	221,392	156,816
Amount due to a director	28,600	–	–	–
	<b>1,821,841</b>	<b>2,019,841</b>	<b>309,203</b>	<b>211,960</b>

Amount due to a director is unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 17 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:

	Group	
	2016 RM	2015 RM
Deferred income tax liabilities, representing accelerated tax depreciation – to be settled within one year	13,801	19,840

Movement in deferred income tax liabilities account is as follows:

	Group	
	2016 RM	2015 RM
Beginning of financial year	19,840	14,500
Arising from business combination	–	5,340
Tax credit to profit or loss (Note 8)	(6,039)	–
End of financial year	13,801	19,840

## 18 SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital RM
<b>2016</b>		
<b>Beginning and end of financial year</b>	160,320,000	27,817,984
<b>2015</b>		
Issued and fully paid share as at incorporation date, 21 August 2015	3	8
Issue of 444,998 new shares pursuant to the share sale agreement pursuant to the Restructuring Exercise	444,998	2,941,854
Issue of 554,999 new shares as consideration paid for acquisition of subsidiaries	554,999	1,889,458
	1,000,000	4,831,320
Sub-division of shares	123,000,000	4,831,320
Issue of new shares pursuant to the placement	35,520,000	26,543,468
Issue of new shares	1,800,000	1,365,255
Share issuance expense	–	(4,922,059)
	160,320,000	27,817,984

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 18 SHARE CAPITAL (CONTINUED)

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 Company was incorporated on 21 August 2015 with issued and paid-up share capital of SGD3.00 comprising of 3 ordinary shares of SGD1.00 each.

On 22 October 2015, the Company issued 444,998 new shares pursuant to the share sale agreement pursuant to the Restructuring Exercise and on 23 October 2015, the Company issued another 554,999 of new ordinary shares as considerations for the acquisition of subsidiary corporations.

On 28 October 2015, the Company completed the sub-division of every one share to 123 shares. Thus 1,000,000 shares were sub-divided into 123,000,000 shares.

Pursuant to the initial public offering, the Company issued 35,520,000 new ordinary shares for a consideration of RM26,543,468 and 1,800,000 new shares for a consideration of RM1,365,255, net of share expenses of RM4,922,059. All newly issued ordinary shares rank *pari passu* in all respects with the previously issued shares.

### 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 Nominating 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) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 18 SHARE CAPITAL (CONTINUED)

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

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.

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 from time to time.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 18 SHARE CAPITAL (CONTINUED)

### The Axcelasia Performance Share Plan (Continued)

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 2016

## 19 OTHER RESERVE

	<b>Group 2016 RM</b>
Composition:	
Currency translation reserve	<u>52,261</u>

The movement of currency translation reserve is as follows:

	<b>Group 2016 RM</b>
Beginning of financial year	–
Currency translation differences of financial statements of foreign subsidiary corporations	72,053
Less: non-controlling interests	<u>(19,792)</u>
End of financial year	<u>52,261</u>

Other reserve is non-distributable.

## 20 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:

	<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
Beginning of financial year	2,103,661	–
Net (loss)/profit	<u>(2,848,407)</u>	<u>2,103,661</u>
End of financial year	<u>(744,746)</u>	<u>2,103,661</u>

## 21 DIVIDENDS

	<b>Group</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
<i>Ordinary dividends paid during the year</i>		
<i>Axcelasia Taxand Sdn. Bhd.:</i>		
Final tax exempt dividend of Nil (2015: RM6) per share	–	1,500,000
<i>Axcelasia Global Business Services Sdn. Bhd.:</i>		
Final tax exempt dividend of Nil (2015: RM1.5) per share	–	150,000
	<u>–</u>	<u>1,650,000</u>

There were no dividends declared for the financial year ended 31 December 2016. The dividends for the financial year ended 31 December 2015 have been declared by the subsidiary corporations of the Company, Axcelasia Taxand Sdn. Bhd. and Axcelasia Global Business Services Sdn. Bhd., to its existing shareholders prior to the Restructuring exercise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 22 CONTINGENCIES

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

## 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 balance sheet date but not recognised as liabilities, are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Not later than one year	1,060,801	337,563
Between one and five years	510,738	460,649
	<u>1,571,539</u>	<u>798,212</u>

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 2016

## 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") and United State Dollar ("USD").

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>At 31 December 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 Group'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 2015.

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 years ended 31 December 2016 and 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (Continued)*

(a) Market risk (Continued)

(i) *Currency risk (continued)*

### Sensitivity analysis

The strengthening of SGD and USD against MYR by 2% (2015: Nil) and 4% (2015: 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.

	<b>Loss after tax 2016 RM</b>
<b>Group</b>	<hr/>
SGD against MYR	
– Strengthened	65,852
– Weakened	(65,852)
USD against MYR	
– Strengthened	1,890
– Weakened	(1,890)
	<hr/>

The weakening of SGD and USD against MYR by 2% (2015: Nil) and 4% (2015: 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 2016

## 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>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<u>By types of customers</u>		
Non-related parties	4,301,303	5,483,843
	<u>4,301,303</u>	<u>5,483,843</u>
<u>By geographical areas</u>		
Malaysia	4,301,303	5,483,843
	<u>4,301,303</u>	<u>5,483,843</u>

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

*Financial risk factors (Continued)*

(b) Credit risk (Continued)

(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>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Past due < 30 days	703,283	373,696
Past due 31 to 90 days	408,289	431,101
Past due over 90 days	1,359,211	834,938
	<u>2,470,783</u>	<u>1,639,735</u>

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 balance sheet date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet 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>Within 1 year RM</b>
<b>Group</b>	
<b>At 31 December 2016</b>	
Trade and other payables	<u>1,821,841</u>
<b>At 31 December 2015</b>	
Trade and other payables	<u>2,019,841</u>
<b>Company</b>	
<b>At 31 December 2016</b>	
Trade and other payables	<u>309,203</u>
<b>At 31 December 2015</b>	
Trade and other payables	<u>211,960</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (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 or obtain new borrowings.

Management monitor 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 and less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Net cash	(23,505,790)	(26,962,308)	(20,069,202)	(23,057,386)
Total equity	31,333,956	34,058,241	27,073,238	29,921,645
Total capital	7,828,166	7,095,933	7,004,036	6,864,259
Gearing ratio	N.A. <sup>(1)</sup>	N.A. <sup>(1)</sup>	N.A. <sup>(1)</sup>	N.A. <sup>(1)</sup>

(1) The cash position exceeds the total of trade and other payables. The Group and the Company are in a net cash position for the financial years ended 31 December 2015 and 2016.

The Group and the Company are not subjected to externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

#### (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	
	2016 RM	2015 RM	2016 RM	2015 RM
Loans and receivables	30,451,507	35,542,365	20,836,986	25,302,285
Financial liabilities at amortised cost	1,821,841	2,019,841	309,203	211,960



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 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) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016 RM	2015 RM
<i>Directors of the Company</i>		
Salaries and bonus	2,004,000	1,004,000
Employer's contribution to defined contributions plan	358,307	134,280
Other short-term benefits	19,200	–
	<u>2,381,507</u>	<u>1,138,280</u>
<i>Other key management personnel</i>		
Salaries and bonus	1,699,297	1,575,400
Employer's contribution to defined contributions plan	212,025	147,072
Other short-term benefits	26,800	–
	<u>1,938,122</u>	<u>1,722,472</u>

- (b) Sales of goods and services

	Group	
	2016 RM	2015 RM
Disposals of motor vehicles to shareholders	–	84,333
Rental expenses paid to related parties	271,776	121,944
	<u>271,776</u>	<u>121,944</u>

## 26 SEGMENT INFORMATION

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

1. Head 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 26 SEGMENT INFORMATION (CONTINUED)

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>Head 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>31 December 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 26 SEGMENT INFORMATION (CONTINUED)

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

	Head Office RM	Tax Advisory RM	Business Consultancy RM	EMS Application RM	Business Support RM	Total RM
<b>31 December 2015</b>						
<b>Revenue</b>						
Sales to external parties	–	10,424,851	11,529,877	1,356,969	1,988,093	25,299,790
<b>Results</b>						
Segment results	140,506	4,435,733	3,688,982	929,158	550,277	9,744,656
Interest income	13,155	42,459	5,966	–	–	61,580
Profit before income tax	153,661	4,478,192	3,694,948	929,158	550,277	9,806,236
Income tax expense	–	(1,094,207)	(850,000)	–	(20,772)	(1,964,979)
Profit for the year	153,661	3,383,985	2,844,948	929,158	529,505	7,841,257
Segment assets	23,279,707	6,233,599	4,371,857	1,574,085	1,227,010	36,686,258
Segment assets includes:						
Additions of:						
Property, plant and equipment	–	12,810	356,105	14,176	22,386	405,477
Software transfer from development cost in progress	–	–	–	305,655	–	305,655
Segment liabilities	211,960	1,431,995	597,414	77,122	309,526	2,628,017

### Geographical information:

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

	Revenue	
	2016 RM	2015 RM
Malaysia	16,135,699	25,299,790
Singapore	39,384	–
	<u>16,175,083</u>	<u>25,299,790</u>
	Non-current assets	
	2016 RM	2015 RM
Malaysia	1,460,758	1,101,231
Singapore	134,770	–
Laos	40,777	–
	<u>1,636,305</u>	<u>1,101,231</u>

### 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 2016

## 27 BUSINESS COMBINATION

On 6 May 2016, the Group acquired 100% equity interest in Axcelasia Talent Sdn. Bhd. (formally 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>

(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)	<u>(1,059)</u>
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	<u>1,059</u>
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.

The Group's acquisitions of 100% equity interest in Axcelasia Corporate Services Sdn. Bhd., Axcelasia Global Business Services Sdn. Bhd., Axcelasia Columbus Sdn. Bhd., Axcelasia Softnex Sdn. Bhd. and Axcelasia HR Consulting Sdn. Bhd. were completed in previous financial year. Pursuant to the Sale and Purchase Agreements and the Restructuring Exercise, the rights and benefits relating to the shares of the mentioned entities accrued to the Group from 1 January 2015. The principal activities of the acquired entities are disclosed in Note 14.

The total purchase consideration of RM1,889,458 is settled in full in the form of 554,999 ordinary shares in the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 27 BUSINESS COMBINATION (CONTINUED)

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>2015</b>
	<b>RM</b>
Shares issued	<u>1,889,458</u>

b. Effect on cash flows of the Group

	<b>2015</b>
	<b>RM</b>
Cash paid	–
Less: Cash and cash equivalents of subsidiary corporations acquired	<u>138,578</u>
Cash inflow on acquisition	<u>138,578</u>

c. Identifiable assets acquired and liabilities assumed

	<b>At fair values</b>
	<b>RM</b>
Trade and other receivables	2,666,181
Cash and bank balances	138,578
Investment in associated company	5,540
Property, plant and equipment	246,320
Development cost in progress (Note 15)	<u>257,077</u>
Total assets	<u>3,313,696</u>
Trade and other payables	1,401,156
Current tax liabilities	17,742
Deferred tax liabilities (Note 17)	<u>5,340</u>
Total liabilities	<u>1,424,238</u>
Total identifiable net assets	<u>1,889,458</u>

d. The carrying value of the receivables acquired approximates their fair value and no receivables were identified to be impaired.

e. Revenue and profit contribution

The acquired entities contributed revenue of RM14,900,000 and net profit of RM4,304,000 to the Group from 1 January 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

## 28 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 26 January 2017, the Company incorporated a 70% directly owned subsidiary corporation, Axcelasia Vietnam Co., Ltd (“AVCL”) in Vietnam, with issued and paid-up capital of 300,000 ordinary share of USD1 each. The principal activities of this subsidiary corporation is to carry on business consulting and general management services, enterprise risk management services, software solutions, investment management and consulting and corporate services.

On 8 March 2017, the Company entered into a conditional sale and purchase agreement to acquire 100% interest in Audex Governance Sdn. Bhd. (“Audex”), a company incorporated in Malaysia for a cash consideration of RM2.88 million. The principal activities of Audex are the provision of business consultancy and corporate governance advisory services. At the date of acquisition, the net tangible assets of Audex has been determined at approximately RM750,000. Details of assets acquired and liabilities assumed, revenue and profit contribution of Audex and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. Audex will be consolidated in the financial year ending 31 December 2017.

## 29 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 2017 or later periods and which the Group has not early adopted:

### Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112 Disclosure of Interests In Other Entities

### 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
- 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

- 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

- 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 \$1,571,539 (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

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.

## 30 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 23 March 2017.



# SHAREHOLDER INFORMATION

AS AT 13 MARCH 2017

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
Number of treasury shares	:	Nil

## 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	8	14.55	5,300	0.00
1,001 – 10,000	21	38.18	123,000	0.08
10,001 – 1,000,000	17	30.91	2,791,900	1.74
1,000,001 and above	9	16.36	157,399,800	98.18
Grand Total	<b>55</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	36,518,660	22.78
2. TANG SWEE GUAN	34,552,700	21.55
3. UOB KAY HIAN PTE LTD	34,435,870	21.48
4. VEERINDERJEET SINGH A/L TEJWANT SINGH	23,367,500	14.58
5. CIMB SECURITIES (SINGAPORE) PTE LTD	9,012,900	5.62
6. LEE SIEW WENG	7,723,170	4.82
7. DBSN SERVICES PTE LTD	7,000,000	4.37
8. CHAI SEOW LIN	3,444,000	2.15
9. DBS NOMINEES PTE LTD	1,345,000	0.84
10. HARDIP SINGH	500,000	0.31
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. ER CHENG SENG BENJAMIN	200,000	0.12
16. NG CHEE KIONG	180,000	0.11
17. RAFFLES NOMINEES (PTE) LTD	162,100	0.10
18. GUO JINJIAN	100,000	0.06
19. LEONG YUET MEI	80,000	0.05
20. LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	77,900	0.05
<b>Total</b>	<b>159,924,800</b>	<b>99.76</b>

# SHAREHOLDER INFORMATION

AS AT 13 MARCH 2017

## 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>	34,552,700	21.55	3,444,000	2.15	23.70
Ranjit Singh A/L Taram Singh	36,518,660	22.78	–	–	22.78
Veerinderjeet Singh A/L Tejwant Singh <sup>(2)</sup>	23,367,500	14.58	900,000	0.56	15.14
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 Finance 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 Executive Chairman, is deemed interested in the shares held by his spouse, Ms Kaur Rajinderpal through UOB Kay Hian Pte Ltd.
- (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 13 March 2017, approximately 19.46% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalyst Rules has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“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, 24 April 2017 at 11.30 a.m. for the following purpose:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors’ Statement and Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Dato’ Peter Tang Swee Guan 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 Mr. Ranjit Singh a/l Taram Singh 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 RM204,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears (2016: RM204,000).  
**[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 thought 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 (“SGX-ST”) (the “Catalist Rules”), authority be given to the Directors of the Company to:

- i. issue shares (“Shares”) whether by way of rights, bonus or otherwise; and/or
- ii. make or grant offers, agreements or options (collectively, “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, provide that:
- a. the aggregate number of Shares (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) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- b. (subject to such calculation 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) 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)**

# NOTICE OF ANNUAL GENERAL MEETING

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 (“**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) 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)**

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

THAT the Directors of the Company be and are hereby authorised to offer and grant options (“**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) 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,  
6 April 2017

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- i. Resolution 2** – Dato’ Peter Tang Swee Guan, if re-elected, will remain as an Executive Director of the Company.
- ii. Resolution 3** – Mr. Ranjit Singh a/l Taram Singh, if re-elected, will remain as an Executive Director of the Company.
- iii. Resolution 4** – This Resolution is to facilitate the payment of Directors’ fees during the financial year ending 31 December 2017 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 2017 (“**FY2017**”). Should any Director hold office for only part of FY2017 and not the whole of FY2017, the Directors’ fee payable to him/her will be appropriately pro-rated.
- 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), 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 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) 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 100 percent (100%) of the shareholdings of this 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 as he 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 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 authorise by resolution of its directors or other governing body 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 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 of 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 annual general meeting 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 annual general meeting (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 "**Purpose**"); (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 ("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 on Monday, 24 April 2017 at 11.30 a.m. at Conference Room 2, TKP Conference Centre Raffles Place, 55 Market Street #03-01, Singapore 048941 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 2016 together with the Directors' Statement and Auditors' Report thereon.		
Resolution 2	To re-elect Dato' Peter Tang Swee Guan as Director of the Company.		
Resolution 3	To re-elect Mr. Ranjit Singh a/l Taram Singh as Director of the Company.		
Resolution 4	To approve payment of Directors' Fees for the financial year ending 31 December 2017, to be paid quarterly in arrears.		
Resolution 5	To re-appoint Nexia TS Public Accounting Corporation as Auditors of the Company 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.

### IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

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

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



**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 100 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting.
8. 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 of 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 6 April 2017.





**Axcelasia Inc.**

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