

**Axcelasia**

ACCELERATING SUCCESS



AXCELASIA INC.

**ACCELERATING  
SUCCESS**

ANNUAL REPORT **FY2018** ▼

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PROXY FORM



## CORPORATE PROFILE

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

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

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

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This annual report has been prepared by Axcelasia Inc. (LL12218) (the “Company”) and its contents have been reviewed by the PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of 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 Ms. Tan Pei Woon, Associate Director, Continuing Sponsorship. (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).



# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Axcelasia Inc. ("Axcelasia" and together with its subsidiaries, the "Group"), for the financial year ended 31 December 2018 ("FY2018").

It has, as usual, been a very busy year for the entire team. While the listing status has lifted our profile, much more remains to be done as we forge ahead to build up the Axcelasia brand. This will take a substantial amount of time but the experienced management team is focused on it.

With a stronger balance sheet from funds raised following our initial public offering ("IPO"), we have and continue to execute

three growth strategies to enhance value for shareholders. These are an (i) asset-light geographical expansion in Malaysia and the ASEAN region, (ii) expansion of portfolio of services to develop new revenue streams, and (iii) harnessing economies of scale arising from the business growth.

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, accounting standards conversions and digital transformation projects. The Board is encouraged by the Group's ability to secure new projects and believes these initiatives will help expand the Group's client base and further enhance its credentials. We are

confident these will translate into new revenue streams and enhance value for our shareholders.

In FY2018, our revenue increased to RM25.2 million from RM22.1 million a year ago.

Total expenses increased marginally from RM23.4 million in FY2017 to RM23.5 million in FY2018.

As a result, the Group posted a net profit attributable to shareholders of RM1.5 million in FY2018 compared to a net loss of RM1.4 million in the previous year. The Group has returned to profitability in FY2018, which is a testament to the turnaround strategy that was implemented by the Group in FY2018.



**CHAIRMAN'S  
MESSAGE**

Axcelasia will continue its marketing initiatives and build capacity in the areas of business continuity management, corporate finance and information technology. Besides, the Group has also been actively exploring acquisition opportunities, as and when they arise, of businesses that are synergistic with the Group. Whilst we are pursuing acquisitions opportunities, the Board is of the view that we have to be prudent in any acquisitions even if it takes longer than expected.

In 2017, we announced the RM2.88 million acquisition of Malaysia-based business and corporate governance consultancy firm Audex Governance Sdn Bhd ("Audex"). The transaction provided the Group

the opportunity to tap on Audex's base of customers (which included public-listed entities) to facilitate the cross-selling of Axcelasia's services. It has allowed the Group to enhance its revenue stream in the business consultancy segment.

Net profit per share was RM1.00 cents in FY2018 compared to net loss per share of RM0.47 cents in FY2017.

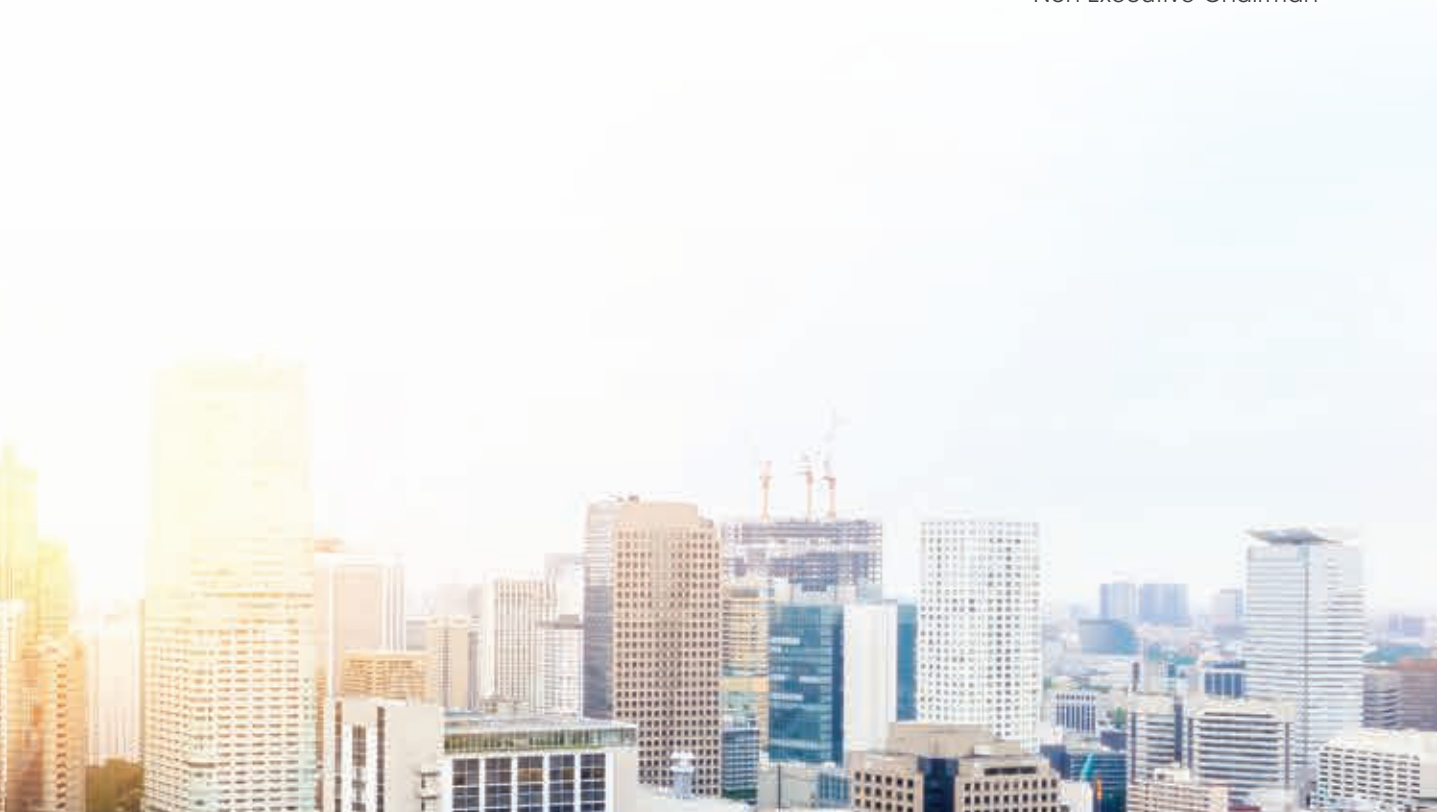
Net asset value per share was RM19.71 cents as at 31 December 2018 compared to RM18.81 cents as at 31 December 2017.

Cash and cash equivalents remain healthy at RM23.3 million as at 31 December 2018.

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

I would like to extend my appreciation to the Board for their strategic guidance, insights and patience. I would also like to thank all our business partners, management and employees for their dedication and contribution to the Group. 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.

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



# CORE BUSINESS SEGMENTS



## TAX ADVISORY

- Corporate Tax
- Individual Tax
- Transfer Pricing
- Indirect Tax
- International Tax



## BUSINESS CONSULTANCY

- Strategic & Risk Advisory
- Internal Audit | QAR
- Business Transformation | BCM
- BPI | SOP | Forensic Accounting
- HR Advisory | Executive Search



## TECHNOLOGY TOOLS & ADVISORY

- EMS Software: Risk | Incident | Insurance | Internal Audit | Compliance | BCM | ISMS
- Cybersecurity Management | IT Audit
- System Implementation Advisory
- ISMS Assessment



## BUSINESS SUPPORT SERVICES

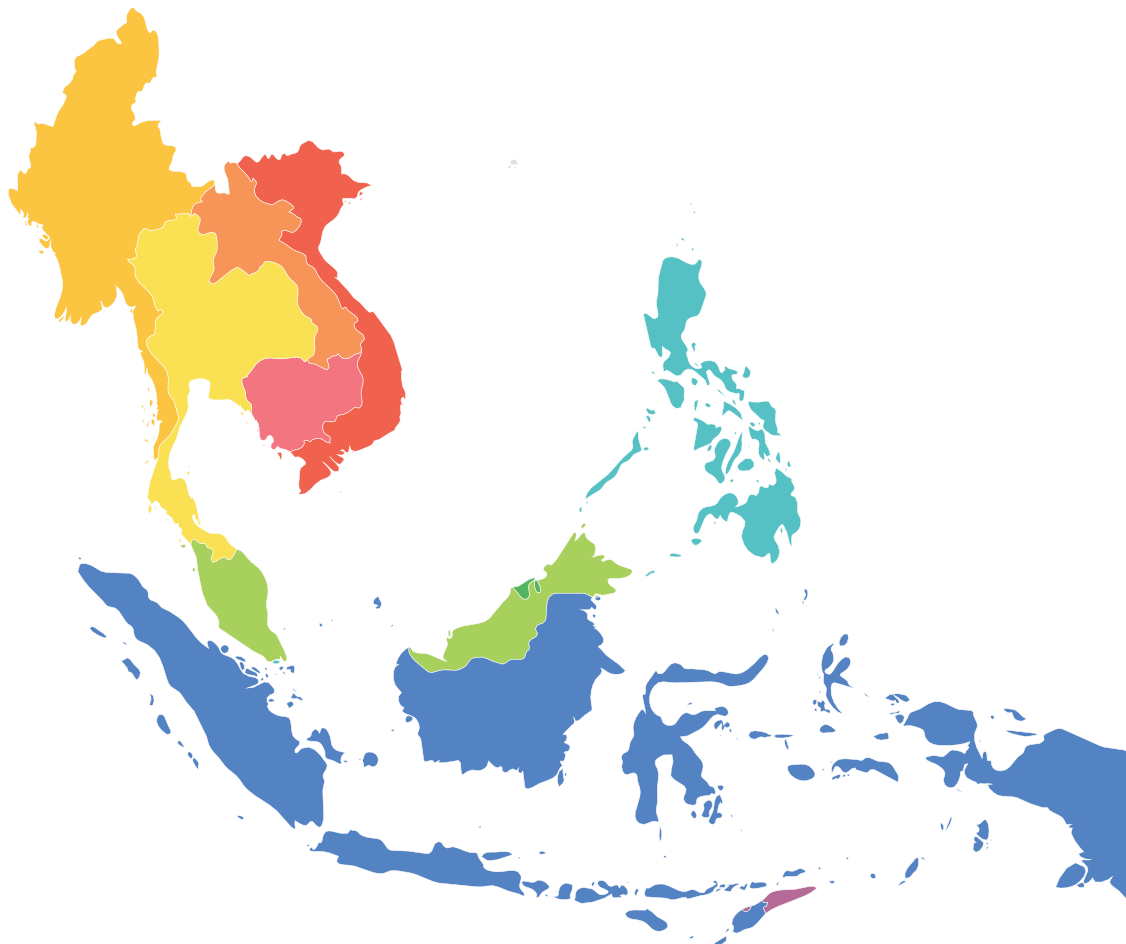
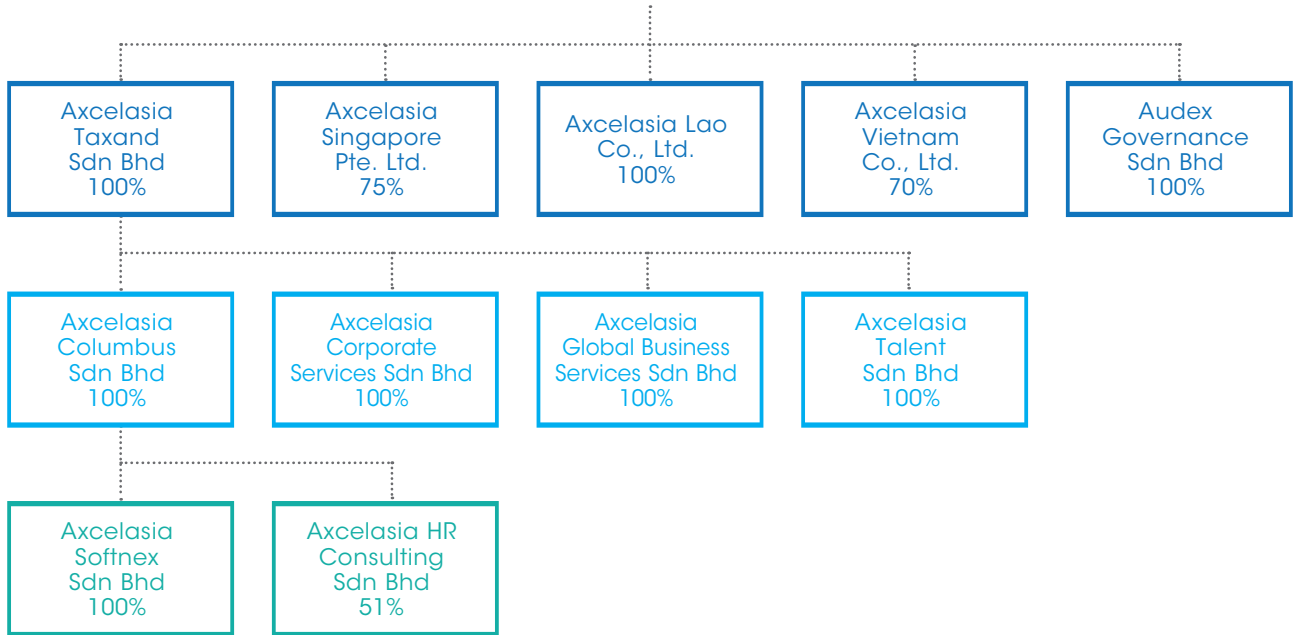
- Accounting Services
- Corporate Finance Services
- Corporate Secretarial Services
- Corporate Advisory Services
- Administration & Office Support Services

# GROUP STRUCTURE

## Axcelasia

### Axcelasia Inc.

(No. LL12218) Incorporated in Labuan





# RECENT ACTIVITIES



## SEMINARS



## ANNUAL DINNER





# FINANCIAL HIGHLIGHTS

	FY2017	FY2018
<b>INCOME STATEMENT (RM million)</b>		
Revenue	22.1	<b>25.2</b>
(Loss)/Profit Before Tax	(0.6)	<b>2.4</b>
(Loss)/Profit After Tax	(1.4)	<b>1.5</b>
<b>BALANCE SHEET (RM million)</b>		
	31 December 2017	<b>31 December 2018</b>
Total Assets	34.3	<b>37.6</b>
Total Liabilities	4.2	<b>6.0</b>
Total Shareholders' Equity	30.2	<b>31.6</b>
<b>KEY FINANCIAL RATIOS (RM cents)</b>		
(Loss)/Profit Per Share	(0.47)	<b>1.0</b>
Net Asset Value Per Share	18.81 as at 31 December 2017	<b>19.71 as at 31 December 2018</b>



# FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW



## FINANCIAL HIGHLIGHTS

The Group's revenue for FY2018 increased by 14.0% to RM25.2 million from RM22.1 million for FY2017 largely due to the better performance in the tax advisory, business consultancy and business support services divisions.

Total expenses increased by 0.4% to RM23.5 million in FY2018 from RM23.4 million in FY2017. The increase in total expenses were marginal as compared to FY2017.

As a result of the above, the Group recorded a net profit attributable to shareholders of RM1.5 million in FY2018 compared to a loss of RM1.4 million in the previous year.

## BALANCE SHEET

Current assets increased to RM34.4 million for FY2018 from RM30.8 million for FY2017, mainly attributable to the increase in trade receivables, which is in line with the increase in revenue for FY2018.

Non-current assets decreased to RM3.2 million for FY2018 from RM3.5 million for FY2017, mainly due to the disposal of furniture and office equipment and renovation cost written off by subsidiary corporations in FY2018.

Current liabilities increased to RM6.0 million from RM4.1 million for FY2017, largely due to the increase in other payables. There were no trade payable for FY2018. The Group had no borrowings for FY2018.



## CASH FLOW

Net cash used in operating activities for FY2018 was RM0.7 million, which comprised cash generated from operating activities before working capital changes of RM2.2 million, working capital outflow of RM1.9 million and income tax paid of RM1.0 million.

Net cash generated from investing activities in FY2018 was RM0.3 million, mainly due to interest received amounting to RM0.6 million, negated by additions of property, plant and equipment amounting to RM0.3 million.



Net cash generated from financing activities in FY2018 was RM0.1 million, mainly attributable to advances from a director of a subsidiary corporation amounting to RM0.07 million and upliftment of bank deposit pledged as security for a bank guarantee amounting to RM0.04 million in FY2018.

As a result, cash and cash equivalents decreased to RM21.8 million in FY2018 from RM22.2 million in FY2017.

# BOARD OF DIRECTORS



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

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

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

June 2003; and an Executive Director and Partner at Arthur Andersen between December 1996 and June 2002.

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

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

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

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

Dr. Singh has been an Adjunct Professor at a few local universities and was an Adjunct Professor at the Business School, Monash University, Malaysia until 31 December 2018. He holds a Bachelor of Accounting (First Class Honours) from the University of Malaya, and a Doctor of Philosophy from University Putra Malaysia.

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



## BOARD OF DIRECTORS



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

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

He has been the Executive Director of Axcelasia Taxand 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.

Dato' Tang obtained his Master in Business Administration from the UK. He is a Chartered Accountant of the MIA, a Fellow of the Association of Chartered Certified Accountants UK, a member of the 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 and an approved company auditor under Section 263 of the Malaysia Companies Act 2016.



### **MR. RANJIT SINGH** Executive Director

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

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

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

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

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.

## BOARD OF DIRECTORS



### 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 9 April 2018. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

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

Upon joining UEM Group Berhad, 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 Berhad (and its precursor company, Remedi Pharmaceuticals (M) Sdn Bhd) from January 1994 to March 2003. Pharmaniaga Berhad 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 Berhad was Senior Director of Group Strategy and Business Development, where he and his team were responsible for working with the Group's companies to develop the overall corporate and business strategies for the entire Group, as well as coordinating and assisting the Group with the development and implementation of strategies to take the group companies international, as part of their expansion strategies worldwide. During this period, he represented UEM Group on the boards of its companies in Malaysia, India, New Zealand and the ASEAN countries.

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

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



### 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 9 April 2018. 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 a barrister of the Honourable Society of Lincolns' Inn.



### MS. LEE PIH PENG Independent Director

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

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

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

# MANAGEMENT TEAM

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## **MR. SIVARUBAN KANDASAMY**

Sivaruban Kandasamy was appointed as the Chief Financial Officer of Axcelasia Inc. in June 2016 and he has been responsible for managing the Group's Financial affairs. Besides the role of a Chief Financial Officer, he is an Executive Director in Axcelasia Global Business Services Sdn Bhd (a wholly owned subsidiary of Axcelasia Inc.) where he leads the corporate finance division.

He started off his career in Ernst and Young in March 1999 in the external audit division. Between March 1999 to February 2013, Sivaruban held various positions within Ernst and Young where he joined as an Audit Assistant and was eventually made a Senior Manager in the external audit division. In March 2013, Sivaruban assumed a Director position in KPMG Malaysia.

Sivaruban has 19 years of experience in servicing clients involved in various industries such as Healthcare, Information Technology, Construction, Property Development, Shipping, Transportation, Automotive, Education, Hospitality as well as Non-Governmental Organisations. He has led several statutory audits and restructuring exercises for major public listed companies in Malaysia. Sivaruban has also significant experience in managing several Initial Public Offer and International Bond Issuance exercises as Reporting Accountants. He was also involved in several large Due Diligence assignments. He has served clients in Malaysia and from other jurisdictions which includes United States of America, United Kingdom, Singapore, Indonesia, Bangladesh, UAE, India and Turkey.

Sivaruban obtained his Bachelor of Accounting degree from Curtin University, Perth, Western Australia in June 1998. He subsequently obtained his professional qualification, CPA Australia in January 2003 and was admitted as a Fellow Member of CPA Australia in June 2016. Sivaruban is also a member of MIA.

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## **MS. LEOW MUI LEE**

Ms. Leow Mui Lee was appointed as the Managing Director of Axcelasia Taxand Sdn Bhd in January 2017 and she has been responsible for managing our Group's Tax Advisory business. She joined Axcelasia Taxand as a Director in January 2007, and was promoted to an Executive Director in 2008. She has more than 27 years of experience in tax compliance and consulting work. Between February 1992 to December 2002, Ms. Leow held various positions within Arthur Andersen where she joined as a Tax Executive and was made Senior Tax Manager in 2001. After the merger of Arthur Andersen and Ernst & Young in 2002, she was made Director of Ernst & Young Tax Consultants Sdn Bhd in 2003.

Ms. Leow obtained her Bachelor of Economics degree, majoring in Accounting and Finance, from the Monash University, Australia. She is a Certified Practising Accountant with CPA Australia since 1996 and a Chartered Accountant with the MIA since 2000. She is presently a council member of the Chartered Tax Institute of Malaysia. She is also a Licensed Tax Agent under Section 153 of the Malaysian Income Tax Act 1967.



**MANAGEMENT  
TEAM****MR. DEREK LEE**

Mr. Derek Lee was appointed as the Managing Director of Columbus Advisory in February 2015 and he has been responsible for managing our Group's Business Consultancy business. He was previously an Associate Director of Columbus Advisory from October 2007 to December 2008, a Director from January 2009 to December 2009, and an Executive Director between January 2010 to January 2015. Mr. Lee has more than 23 years of experience in external and internal audit advisory, risk management and financial management work. Prior to his appointment in our Group, Mr. Lee was a Manager, Risk & Internal Audit Department at KPMG from September 2004 to December 2005. Mr. Lee was also previously an Associate Director at IA Essential Sdn Bhd between January 2006 to September 2007, a Corporate Planning Manager at JW Carpenter Limited between March 2003 and August 2004, a Group Internal Audit Manager at Nam Fatt Corporation Berhad between January 2001 and February 2003, and a Management Accountant at Amway Malaysia Holdings Berhad between July 1999 to December 2001. He held various positions within Arthur Andersen between June 1992 to June 1999 where he joined as a Staff Assistant and his last appointment was an Experienced Senior.

Mr. Lee has been a Certified Internal Auditor (United States) since December 2013, a Chartered Accountant and a member of the MIA since December 2001. He has also been a member of the MICPA since April 1998. Mr. Lee has also obtained a Certification in Risk Management Assurance (United States) from the IIA, Inc. in April 2012.

**DATIN CHAI SEOW LIN**

Datin Chai Seow Lin was appointed as Managing Director of Axcelasia Global Business Services Sdn Bhd and Axcelasia Corporate Services Sdn Bhd since August 2011 and June 1996 respectively. She has been responsible for managing our Group's Business Support and Corporate Secretarial Services. Prior to joining our Group, she was a Senior Operation Manager at United Overseas Bank (M) Bhd between May 1982 to April 1996. She was an assistant management accountant at Bow Valley Exploration Ltd, London between October 1980 to January 1982.

Datin Chai obtained a Bachelor of Arts (in Finance and Accounting) from the University of East London in June 1980. She obtained her Corporate Secretarial Certificate from the Open University Malaysia in March 2007. She is a Licensed Company Secretary approved by the Companies Commission of Malaysia since 21 August 2014.

# MANAGEMENT TEAM

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## MR. KENNY WONG

Mr. Kenny Wong was appointed as the Managing Director of Columbus Softnex in February 2015 and he has been responsible for managing our Group's EMS Application business. He was previously an Executive Director of Columbus Softnex between August 2010 to January 2015. Mr. Wong has more than 22 years of IT management, project management and systems development experience. He was also a developer of the Enterprise Management System, a software application used by companies to automate their risk management processes. Prior to joining our Group, Mr. Wong was the Managing Director at SoftNex from May 2005 to July 2010 and an IT Manager at ProJET Sdn Bhd (ConocoPhillips) from April 2001 to April 2005. Between June 1996 to February 2001, he was a Software Development Manager and subsequently a Project Manager at Formis Dialog Sdn Bhd. Between October 1993 to May 1996, he joined Malayan Banking Berhad as an analyst and programmer and was subsequently promoted to systems analyst.

Mr. Wong obtained his Bachelor of Science in Computing from the University of Staffordshire in July 1993. He obtained a Certificate in Crisis and Business Continuity Management from the Massachusetts Institute of Technology in July 2012, and has also been a Certified Business Continuity Professional since January 2010.

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## MS. SYLVIA ANITA ROCKEY

Ms. Sylvia Anita Rockey was appointed as the Executive Director of Columbus HR in December 2014 and she has been responsible for managing our Group's human resources services. Ms. Rockey has more than 17 years of experience in human resource, including human resource advisory, human capital training and development and business support. Sylvia specialises in conceptualising the process requirements for Forward Thinking Workplace and Employee Lifecycle; focusing on Competency Framework Design that links to performance. Her main area of specialisation is in organisation design including design of macro & micro charts and functional charts, job analysis, job description, KPIs and competency modelling, performance management framework; HR process mapping; change management; and project management consulting.

Prior to joining our Group, she held various positions in Putrajaya Holdings Sdn Bhd, a wholly-owned subsidiary of the KLCC group of companies and Petroleum Nasional Berhad. She joined as an Executive, Accounts and Finance in December 1997, was promoted to Executive, Planning and Special Task, Senior Executive, Chief Executive Officer and Chairman's Office and the Senior Executive, Marketing and Sales. Between May 2009 to November 2014, she was Head of Customer Relationship Management of Putrajaya Holdings Sdn Bhd.

Ms. Sylvia Anita Rockey obtained her Bachelor of Human Resource Management (with Honours) from the Open University Malaysia in December 2013, and her Professional Certificate in Management (Petronas) from the University of Melbourne, Australia in October 2010. She obtained a certification in training with Pembangunan Sumber Manusia Berhad in May 2014 and has been an Associate Member of the Malaysian Institute of Human Resource Management since November 2013. She is also a Harrison Assessment Talent Solutions (HATS) certified profiler.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

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

**TAN 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**

## NOMINATION 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

Tel: +6087 427745

Fax: +6087 428845

## SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE

**TRICOR BARBINDER SHARE REGISTRATION SERVICES**

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road

#02-00

Singapore 068898

## SPONSOR

**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

## AUDITORS

**NEXIA TS PUBLIC ACCOUNTING CORPORATION**

100 Beach Road #30-00 Shaw Tower

Singapore 189702

Director in Charge: **LOH JI KIN**

(A member of the Institute of Singapore Chartered Accountants)

(Appointed since financial year ended 31 December 2015)

## PRINCIPAL BANKERS

**THE BANK OF EAST ASIA, LIMITED**

60 Robinson Road

BEA Building

Singapore 068892

**PUBLIC BANK BERHAD**

Jalan Raja Chulan Branch

Menara Public Bank 2

78 Jalan Raja Chulan

50200 Kuala Lumpur, Malaysia

## CORPORATE COMMUNICATION

**AXCELASIA INC.**

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

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# CORPORATE GOVERNANCE

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

The Board of Axcelasia (the "Company") is 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 Axcelasia's corporate governance practices that were in place during the financial year ended 31 December 2018 ("FY2018"), 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").

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "2018 Code") and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to Annual Reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next Annual Report.

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 ("N.A."). The Company did not adopt any alternative corporate governance practices in FY2018.

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<b>BOARD MATTERS</b>																										
<b>The Board's Conduct of Affairs</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" data-bbox="655 689 1430 1346"> <thead> <tr> <th colspan="3" data-bbox="655 689 1430 741"><b>Table 1.1 - Composition of the Board</b></th> </tr> <tr> <th data-bbox="655 741 970 792"><b>Name of Director</b></th> <th data-bbox="970 741 1198 792"><b>Designation</b></th> <th data-bbox="1198 741 1430 792"><b>Date appointed</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 792 970 869">Dr. Veerinderjeet Singh a/l Tejwant Singh</td> <td data-bbox="970 792 1198 869">Non-Executive Chairman</td> <td data-bbox="1198 792 1430 869">21 August 2015</td> </tr> <tr> <td data-bbox="655 869 970 1010">Dato' Tang Swee Guan</td> <td data-bbox="970 869 1198 1010">Chief Executive Officer and Executive Director</td> <td data-bbox="1198 869 1430 1010">21 August 2015</td> </tr> <tr> <td data-bbox="655 1010 970 1086">Mr. Ranjit Singh a/l Taram Singh</td> <td data-bbox="970 1010 1198 1086">Executive Director</td> <td data-bbox="1198 1010 1430 1086">21 August 2015</td> </tr> <tr> <td data-bbox="655 1086 970 1189">Mr. Tan See Yin</td> <td data-bbox="970 1086 1198 1189">Lead Independent Director</td> <td data-bbox="1198 1086 1430 1189">21 October 2015</td> </tr> <tr> <td data-bbox="655 1189 970 1265">Ms. Lee Pih Peng</td> <td data-bbox="970 1189 1198 1265">Independent Director</td> <td data-bbox="1198 1189 1430 1265">21 October 2015</td> </tr> <tr> <td data-bbox="655 1265 970 1346">Datin Isharidah Binti Ishak</td> <td data-bbox="970 1265 1198 1346">Independent Director</td> <td data-bbox="1198 1265 1430 1346">21 October 2015</td> </tr> </tbody> </table> <p>The Board is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions are:</p> <ul data-bbox="655 1514 1442 1977" style="list-style-type: none"> <li>• To chart broad policies and strategies of the Group;</li> <li>• To approve annual budgets and financial plans;</li> <li>• To review and approve any corporate merger, acquisitions and disposals (divestments);</li> <li>• To approve material borrowings and fund raising exercises;</li> <li>• To review performance and succession planning of the key management personnel;</li> <li>• To review and approve the risk management framework of the Group;</li> <li>• To review the business continuity plan of the Group; and</li> <li>• To monitor and manage potential conflicts of interest between the key management personnel, the Board and the shareholders.</li> </ul>	<b>Table 1.1 - Composition of the Board</b>			<b>Name of Director</b>	<b>Designation</b>	<b>Date appointed</b>	Dr. Veerinderjeet Singh a/l Tejwant Singh	Non-Executive Chairman	21 August 2015	Dato' Tang Swee Guan	Chief Executive Officer and Executive Director	21 August 2015	Mr. Ranjit Singh a/l Taram Singh	Executive Director	21 August 2015	Mr. Tan See Yin	Lead Independent Director	21 October 2015	Ms. Lee Pih Peng	Independent Director	21 October 2015	Datin Isharidah Binti Ishak	Independent Director	21 October 2015
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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 Nomination Committee (the "NC") collectively, (the "Board Committees"). The compositions of the Board Committees are as follows:</p> <table border="1"> <caption><b>Table 1.3 - Composition of the Board Committees</b></caption> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Tan See Yin</td> <td>Datin Isharidah Binti Ishak</td> <td>Lee Pih Peng</td> </tr> <tr> <td>Member</td> <td>Datin Isharidah Binti Ishak</td> <td>Lee Pih Peng</td> <td>Tan See Yin</td> </tr> <tr> <td>Member</td> <td>Lee Pih Peng</td> <td>Tan See Yin</td> <td>Datin Isharidah Binti Ishak</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) The AC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the AC are Non-Executive Directors.</p> <p>(2) The NC comprises 3 members, all of whom, including the Chairman, is independent. The Lead Independent Director is a member of the NC.</p> <p>(3) The RC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the RC are Non-Executive Directors.</p>		AC	NC	RC	Chairman	Tan See Yin	Datin Isharidah Binti Ishak	Lee Pih Peng	Member	Datin Isharidah Binti Ishak	Lee Pih Peng	Tan See Yin	Member	Lee Pih Peng	Tan See Yin	Datin Isharidah Binti Ishak																													
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1.4	Have the Board and Board Committees met in the last financial year?	<p>The Company held its Board and AC meetings on 13 February 2018, 2 August 2018 and 12 November 2018. The NC and RC meetings were held on 13 February 2018.</p> <p>The Board meets at least 3 times a year, and as and when circumstances require. The details of the Board and Board Committee meetings held during FY2018 and the attendance of each Board member are shown below:</p> <table border="1"> <caption><b>Table 1.4 - Board and Board Committee Meetings in FY2018</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>3</td> <td>3</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>3</td> <td>3*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Dato' Tang Swee Guan</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr. Ranjit Singh a/l Taram Singh</td> <td>3</td> <td>3*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Mr. Tan See Yin</td> <td>3</td> <td>3</td> <td>1</td> <td>1</td> </tr> <tr> <td>Datin Isharidah Binti Ishak</td> <td>3</td> <td>3</td> <td>1</td> <td>1</td> </tr> <tr> <td>Ms. Lee Pih Peng</td> <td>3</td> <td>3</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	3	3	1	1	Name of Director	Number of Meetings Attended				Dr. Veerinderjeet Singh a/l Tejwant Singh	3	3*	1*	1*	Dato' Tang Swee Guan	2	2*	1*	1*	Mr. Ranjit Singh a/l Taram Singh	3	3*	1*	1*	Mr. Tan See Yin	3	3	1	1	Datin Isharidah Binti Ishak	3	3	1	1	Ms. Lee Pih Peng	3	3	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>
1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>N.A. There were no new appointment of Directors in FY2018.</p> <p>All newly appointed Directors will undergo an orientation programme where the Directors 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>



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	(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>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 FY2018:</p> <table border="1" data-bbox="655 976 1433 1198"> <thead> <tr> <th data-bbox="655 976 946 1014">Name of Director</th> <th data-bbox="946 976 1190 1014">Course</th> <th data-bbox="1190 976 1433 1014">Training Provider</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1014 946 1106">Lee Pih Peng</td> <td data-bbox="946 1014 1190 1106">ACRA-SGX-SID Audit Committee Seminar 2018</td> <td data-bbox="1190 1014 1433 1106">Singapore Institute of Directors</td> </tr> <tr> <td data-bbox="655 1106 946 1198">Dr. Veerinderjeet Singh a/l Tejwant Singh</td> <td data-bbox="946 1106 1190 1198">Disruptive Technologies for Directors</td> <td data-bbox="1190 1106 1433 1198">Singapore Institute of Directors</td> </tr> </tbody> </table> <p>In addition, briefings, updates and trainings for the Directors in FY2018 included:</p> <ul data-bbox="655 1301 1441 1899" style="list-style-type: none"> <li>• National Tax Conference 2018 organised by Chartered Tax Institute of Malaysia and Lembaga Hasil Dalam Negeri</li> <li>• National GST Conference 2018 organised by Chartered Tax Institute of Malaysia</li> <li>• Forensic &amp; Fraud Investigation Conference organised by MIA</li> <li>• Corporate Governance Guide 3rd Edition: "Moving from Aspiration to Actualisation" organised by Malaysian Institute of Corporate Governance ("MICG")</li> <li>• Corporate Governance Briefing Sessions: MCCG Reporting &amp; CG Guide organised by Bursa Malaysia Berhad</li> <li>• Launch of Institute of Corporate Directors Malaysia organised by Securities Commission Malaysia</li> <li>• Understanding and Applying the MFRS – A Practical Approach organised by MIA</li> <li>• MARIM CRO Forum 2018 Navigating the Challenging Risk Landscape organised by ("MARIM")</li> <li>• 2018 ACIA Conference Staying relevant in a Digital Landscape organised by ("ACIA")</li> <li>• Vietnam – Essential Doing Business Guide organised by Peligo Link Sdn Bhd</li> </ul> <p>The Company Secretary also briefs the Directors on key regulatory changes, while the External Auditors ("EA") briefs the Directors on key amendments on the accounting standards.</p>	Name of Director	Course	Training Provider	Lee Pih Peng	ACRA-SGX-SID Audit Committee Seminar 2018	Singapore Institute of Directors	Dr. Veerinderjeet Singh a/l Tejwant Singh	Disruptive Technologies for Directors	Singapore Institute of Directors
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Lee Pih Peng	ACRA-SGX-SID Audit Committee Seminar 2018	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.	Guideline 2.1 of the Code is met as the Independent Directors make up 50% of the Board.  Mr. Tan See Yin, who is the Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, CEO, or the CFO has failed to resolve, or is inappropriate.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.  The NC had reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors had also confirmed their independence in accordance with the Code at the NC meeting on 25 February 2019.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship  (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who have served beyond nine years since the date of their first appointment.

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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>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"> <thead> <tr> <th colspan="3"><b>Table 2.6 - Balance and Diversity of the Board</b></th> </tr> <tr> <th></th> <th><b>Number of Directors</b></th> <th><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>- Accounting or finance</td> <td>5</td> <td>83%</td> </tr> <tr> <td>- Business management</td> <td>6</td> <td>100%</td> </tr> <tr> <td>- Legal or corporate governance</td> <td>6</td> <td>100%</td> </tr> <tr> <td>- Relevant industry knowledge or experience</td> <td>6</td> <td>100%</td> </tr> <tr> <td>- Strategic planning experience</td> <td>6</td> <td>100%</td> </tr> <tr> <td>- Customer based experience or knowledge</td> <td>6</td> <td>100%</td> </tr> <tr> <td colspan="3"><b>Gender</b></td> </tr> <tr> <td>- Male</td> <td>4</td> <td>67%</td> </tr> <tr> <td>- Female</td> <td>2</td> <td>33%</td> </tr> </tbody> </table> <p>Details of the Directors' academic and professional qualifications and other appointments are set out on page 9 to 11 of the Annual Report.</p>	<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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	<p>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</p>																																				

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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 FY2018, the Non-Executive Directors had met one (1) time 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>The roles of the Chairman and CEO are clearly separated to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making.</p> <p>The Chairman schedules and chairs Board meetings and ensures that Independent Directors are able to speak freely and contribute effectively. He also ensures proper information flow between the Board and the Management. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at the annual general meetings ("AGM") of the Company and other shareholders' meetings. He also takes a leading role in the Company's efforts to achieve and maintain a high standard of corporate governance.</p> <p>The Chairman and the CEO are not related to each other.</p> <p>The CEO is responsible for overseeing the strategic positioning of the Group and manages the day-to-day business operations of the Group with the assistance of key management personnel. He also oversees the execution of the business and corporate strategy decisions made by the Board.</p>
3.4	Have the Independent Directors met in the absence of other Directors?	<p>Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other Directors as and when circumstances warrant. In FY2018, the Independent Directors had met one (1) time 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?	N.A.
	(c) What are the specific considerations in deciding on the capacity of Directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board;</li> <li>• Nature and scope of the Group's operations and size; and</li> <li>• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</li> </ul>
	(d) Have the Directors adequately discharged their duties?	Yes. The NC reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have adequately discharged their duties as Directors for FY2018.

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4.5	Are there any alternate Directors?	The Company currently does not have any alternate Directors.															
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new Directors and (ii) re-electing incumbent Directors.	<p>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="655 741 1430 2063"> <thead> <tr> <th colspan="3" data-bbox="655 741 1430 819"><b>Table 4.6(a) - Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="655 819 711 1458">1.</td> <td data-bbox="711 819 954 1458">Determination of selection criteria</td> <td data-bbox="954 819 1430 1458"> <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 1458 711 1727">2.</td> <td data-bbox="711 1458 954 1727">Search for suitable candidates</td> <td data-bbox="954 1458 1430 1727"> <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 1727 711 1827">3.</td> <td data-bbox="711 1727 954 1827">Assessment of shortlisted candidates</td> <td data-bbox="954 1727 1430 1827"> <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 1827 711 2063">4.</td> <td data-bbox="711 1827 954 2063">Appointment of Director</td> <td data-bbox="954 1827 1430 2063"> <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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
		<p data-bbox="655 555 1431 622"><b>Table 4.6(b) - Process for the Re-electing Incumbent Directors</b></p> <table border="1" data-bbox="655 633 1431 1016"> <tbody> <tr> <td data-bbox="655 633 711 846">1.</td> <td data-bbox="711 633 954 846">Assessment of Director</td> <td data-bbox="954 633 1431 846"> <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="655 846 711 1016">2.</td> <td data-bbox="711 846 954 1016">Re-appointment of Director</td> <td data-bbox="954 846 1431 1016">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 1055 1431 1368">The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Articles, at least one-third of the Board (including the Non-Executive Chairman and Executive Directors) is to retire from office by rotation and be subject to re-election at the AGM. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.</p> <p data-bbox="655 1406 1431 1496">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 1525 1431 1778"> <thead> <tr> <th colspan="3" data-bbox="655 1525 1431 1608"><b>Table 4.6(c) - Directors to be Retired Pursuant to the Articles</b></th> </tr> <tr> <th data-bbox="655 1608 1007 1659">Name of Director</th> <th data-bbox="1007 1608 1318 1659">Designation</th> <th data-bbox="1318 1608 1431 1659">Articles</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 1659 1007 1738">Dr. Veerinderjeet Singh a/l Tejwant Singh</td> <td data-bbox="1007 1659 1318 1738">Non-Executive Chairman</td> <td data-bbox="1318 1659 1431 1738">97</td> </tr> <tr> <td data-bbox="655 1738 1007 1778">Ms. Lee Pih Peng</td> <td data-bbox="1007 1738 1318 1778">Independent Director</td> <td data-bbox="1318 1738 1431 1778">97</td> </tr> </tbody> </table>	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	Dr. Veerinderjeet Singh a/l Tejwant Singh	Non-Executive Chairman	97	Ms. Lee Pih Peng	Independent Director	97
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Ms. Lee Pih Peng	Independent Director	97																		

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
		<p>Dr. Veerinderjeet Singh upon re-election as a Director, will remain as the Non-Executive Chairman of the Board.</p> <p>Ms. Lee Pih Peng upon re-election as a Director, will remain as the Chairperson of the RC and a member of the AC and NC.</p> <p>The requirements under 720(5) of the Catalist Rules are stipulated in the table below:</p> <table border="1" data-bbox="655 824 1434 2150"> <thead> <tr> <th data-bbox="655 824 983 902">NAME OF DIRECTOR</th> <th data-bbox="983 824 1222 902">DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</th> <th data-bbox="1222 824 1434 902">MS. LEE PIH PENG</th> </tr> </thead> <tbody> <tr> <td data-bbox="655 902 983 943">Date of Initial Appointment</td> <td data-bbox="983 902 1222 943">21 August 2015</td> <td data-bbox="1222 902 1434 943">21 October 2015</td> </tr> <tr> <td data-bbox="655 943 983 983">Date of last re-appointment</td> <td data-bbox="983 943 1222 983">18 April 2016</td> <td data-bbox="1222 943 1434 983">18 April 2016</td> </tr> <tr> <td data-bbox="655 983 983 1023">Age</td> <td data-bbox="983 983 1222 1023">62</td> <td data-bbox="1222 983 1434 1023">51</td> </tr> <tr> <td data-bbox="655 1023 983 1079">Country of principal residence</td> <td data-bbox="983 1023 1222 1079">Malaysia</td> <td data-bbox="1222 1023 1434 1079">Singapore</td> </tr> <tr> <td data-bbox="655 1079 983 1686">The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</td> <td data-bbox="983 1079 1222 1686">The re-election of Dr. Veerinderjeet Singh a/l Tejwant Singh as Non-Independent Non-Executive Chairman of the Company was recommended by the Nomination Committee and the Board has accepted the recommendation, after taking into consideration Dr. Veerinder's qualifications, expertise, past experiences and overall contribution.</td> <td data-bbox="1222 1079 1434 1686">The re-election of Ms. Lee Pih Peng as Independent Director of the Company was recommended by the Nomination Committee and the Board has accepted the recommendation, after taking into consideration Ms. Lee's qualifications, expertise, past experiences and overall contribution. Ms. Lee is considered independent in accordance with Rule 704(7) of the Catalist Rules</td> </tr> <tr> <td data-bbox="655 1686 983 1832">Whether appointment is executive, and if so, the area of responsibility</td> <td data-bbox="983 1686 1222 1832">Non-Executive</td> <td data-bbox="1222 1686 1434 1832">Non-Executive</td> </tr> <tr> <td data-bbox="655 1832 983 2150">Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</td> <td data-bbox="983 1832 1222 2150">Non-Independent Non-Executive Chairman</td> <td data-bbox="1222 1832 1434 2150">Independent Director  Remuneration Committee Chairperson  Audit Committee Member  Nomination Committee Member</td> </tr> </tbody> </table>	NAME OF DIRECTOR	DR. VEERINDERJEET SINGH A/L TEJWANT SINGH	MS. LEE PIH PENG	Date of Initial Appointment	21 August 2015	21 October 2015	Date of last re-appointment	18 April 2016	18 April 2016	Age	62	51	Country of principal residence	Malaysia	Singapore	The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Dr. Veerinderjeet Singh a/l Tejwant Singh as Non-Independent Non-Executive Chairman of the Company was recommended by the Nomination Committee and the Board has accepted the recommendation, after taking into consideration Dr. Veerinder's qualifications, expertise, past experiences and overall contribution.	The re-election of Ms. Lee Pih Peng as Independent Director of the Company was recommended by the Nomination Committee and the Board has accepted the recommendation, after taking into consideration Ms. Lee's qualifications, expertise, past experiences and overall contribution. Ms. Lee is considered independent in accordance with Rule 704(7) of the Catalist Rules	Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Chairman	Independent Director  Remuneration Committee Chairperson  Audit Committee Member  Nomination Committee Member
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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		Professional qualifications	MIA MICPA, Chartered Tax Institute of Malaysia, CPA Australia	MBA, LLB
		Working experience and occupation(s) during the past 10 years	<p>21 August 2015 to 31 December 2017: Executive Chairman, Axcelasia.</p> <p>January 2018 to date: Non-Executive Chairman of Axcelasia Taxand, a subsidiary of Axcelasia Inc.</p> <p>January 2017-2018 Managing Director of Axcelasia Taxand and subsequently redesignated as Executive Chairman in January 2012.</p>	<p>Ms. Lee has more than 25 years of corporate law experience, and has been a Director of Altum Law Corporation since 2014 (formerly known as LPP Law Corporation).</p> <p>Between 2005 and 2014, she was a Partner at Lee &amp; Lee.</p>
		Shareholding interest in the listed issuer and its subsidiaries	24,832,500 shares (including direct and indirect interests) representing 15.49% of the total issued shares of Axcelasia Inc.	Nil
		Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation					
		<table border="1"> <thead> <tr> <th data-bbox="652 544 975 633">NAME OF DIRECTOR</th> <th data-bbox="975 544 1219 633">DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</th> <th data-bbox="1219 544 1441 633">MS. LEE PIH PENG</th> </tr> </thead> </table>	NAME OF DIRECTOR	DR. VEERINDERJEET SINGH A/L TEJWANT SINGH	MS. LEE PIH PENG		
NAME OF DIRECTOR	DR. VEERINDERJEET SINGH A/L TEJWANT SINGH	MS. LEE PIH PENG					
		Conflict of interest (including any competing business)	Nil	Ms. Lee is a Director and shareholder of a law corporation and associated company, and under the law practice, advises on corporate law, focusing mainly on capital markets and private equity. The law corporation and associated company does from time to time provide corporate secretarial services, although this is mainly to Singapore listed companies and their subsidiaries based in Singapore, and the Company and its subsidiaries does not have significant business or operations in Singapore at the current time.			
		Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes			
		<p><b>Other Principal Commitments* Including Directorships</b></p> <p><i>* The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a Director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.</i></p>					

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		Past (for the last 5 years)	1. Bank of Nova Scotia Bhd 2. Malaysian Rating Corporation Bhd 3. AmBank (M) Bhd 4. UMW Holdings Bhd 5. IBFD Asia Sdn Bhd 6. MICPA	Nil
		Present	1. Malaysian Rating Corporation Bhd 2. AmBank (M) Bhd 3. UMW Holdings Bhd 4. IBFD Asia Sdn Bhd 5. MICPA	Ms. Lee is a Director and shareholder of Altum Law Corporation, a Singapore law corporation and its associated company, APIC Corporate Solutions Pte Ltd.
		<b>Information required pursuant to Catalyst Rule 704(6)</b> If the answer to any question is "yes", full details must be given.		
		(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
		(c) Whether there is any unsatisfied judgment against him?	No	No
		(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
		(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
		(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
		(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
		(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<b>NAME OF DIRECTOR</b>	<b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b>	<b>MS. LEE PIH PENG</b>
		(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
		(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
		(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation		
		<p><b>NAME OF DIRECTOR</b></p>	<p><b>DR. VEERINDERJEET SINGH A/L TEJWANT SINGH</b></p>	<p><b>MS. LEE PIH PENG</b></p>
		<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>No</p>	<p>No</p>
		<p><b>Disclosure applicable to the appointment of Director only</b></p>		
		<p>Any prior experience as a Director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N.A.</p>	<p>N.A.</p>

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment and last re-appointment dates and current and past 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 Chairperson 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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
	(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 FY2018, 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 Chairperson in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or his/her re-election as a Director.</p> <p>No external facilitator was used in the evaluation process as the Company has a robust internal process to evaluate Directors.</p>																								
	(b) Has the Board met its performance objectives?	The Board has on a whole and the Board Committees had met its performance objectives for FY2018.																								
<b>Access to Information</b>																										
6.1 10.3	What types of information does the Company provide to the Board to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Directors are set out in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><b>Table 6 - Types of Information Provided by Key Management Personnel to Directors</b></th> </tr> <tr> <th style="width: 5%;"></th> <th style="width: 75%;">Information</th> <th style="width: 20%;">Frequency</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary).</td> <td style="text-align: center;">Quarterly</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in.</td> <td style="text-align: center;">Quarterly</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Reports on on-going or planned corporate actions</td> <td style="text-align: center;">As and when applicable</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Enterprise risk management report and internal audit report</td> <td style="text-align: center;">As and when available</td> </tr> <tr> <td style="text-align: center;">5.</td> <td>Business plans</td> <td style="text-align: center;">As and when available</td> </tr> <tr> <td style="text-align: center;">6.</td> <td>Shareholding statistics</td> <td style="text-align: center;">As and when requested</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management. AC Chairman is regularly briefed on the financials of the Group.</p>	<b>Table 6 - Types of Information Provided by Key Management Personnel to Directors</b>				Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary).	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates in.	Quarterly	3.	Reports on on-going or planned corporate actions	As and when applicable	4.	Enterprise risk management report and internal audit report	As and when available	5.	Business plans	As and when available	6.	Shareholding statistics	As and when requested
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# CORPORATE GOVERNANCE

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



# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
<b>Level and Mix of Remuneration</b>		
7.1	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) Review and recommend to the Board the remuneration framework for each Director and key management personnel of the Company;</li> <li>(b) Review and recommend to the Board the individual remuneration structure and policy for the Executive Directors and key management personnel, taking due account of short term and long term incentives and whether there is an appropriate balance between fixed and incentive pay that is aligned with the objectives of the Company and 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 FY2018.
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

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																						
<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.</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 FY2018 was as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><b>Table 9.2 - Directors' Remuneration</b></th> </tr> <tr> <th>Name</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Directors' Fees (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Below S\$250,000</b></td> </tr> <tr> <td>Dr. Veerinderjeet Singh<sup>(1)</sup></td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> <tr> <td>Dato' Tang Swee Guan<sup>(2)</sup></td> <td>100</td> <td>0</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Ranjit Singh<sup>(2)</sup></td> <td>100</td> <td>0</td> <td>0</td> <td>0</td> <td>100</td> </tr> <tr> <td>Tan See Yin</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> <tr> <td>Datin Ishadirah Binti Ishak</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> <tr> <td>Lee Pih Peng</td> <td>0</td> <td>0</td> <td>100</td> <td>0</td> <td>100</td> </tr> </tbody> </table> <p>(1) Dr. Veerinderjeet Singh had been redesignated as Non-Executive Director with effect from 1 January 2018.</p> <p>(2) For details, please refer to the Company's offer document dated 18 November 2015.</p> <p>There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2018.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the commercial sensitivity and confidential nature of remuneration matters.</p>	<b>Table 9.2 - Directors' Remuneration</b>						Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Benefits-in-kind (%)	Total (%)	<b>Below S\$250,000</b>						Dr. Veerinderjeet Singh <sup>(1)</sup>	0	0	100	0	100	Dato' Tang Swee Guan <sup>(2)</sup>	100	0	0	0	100	Ranjit Singh <sup>(2)</sup>	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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# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																			
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 FY2018 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>Leow Mui Lee</td> <td>71</td> <td>29</td> <td>0</td> <td>100</td> </tr> <tr> <td>Derek Lee Siew Weng</td> <td>86</td> <td>14</td> <td>0</td> <td>100</td> </tr> <tr> <td>Kenny Harris Wong</td> <td>86</td> <td>14</td> <td>0</td> <td>100</td> </tr> <tr> <td>Datin Chai Seow Lin<sup>(1)</sup></td> <td>77</td> <td>23</td> <td>0</td> <td>100</td> </tr> <tr> <td>Sivaruban Kandasamy</td> <td>70</td> <td>30</td> <td>0</td> <td>100</td> </tr> </tbody> </table> <p>(1) Spouse of Dato' Tang Swee Guan, CEO and Executive Director.</p> <p>The total remuneration paid to the top 5 key management personnel in FY2018 was S\$628,704.</p>	Name	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	<b>Below S\$250,000</b>					Leow Mui Lee	71	29	0	100	Derek Lee Siew Weng	86	14	0	100	Kenny Harris Wong	86	14	0	100	Datin Chai Seow Lin <sup>(1)</sup>	77	23	0	100	Sivaruban Kandasamy	70	30	0	100
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9.4	<p>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>Datin Chai Seow Lin is the spouse of Dato' Tang Swee Guan, the CEO and Executive Director. The remuneration of Datin Chai in FY2018 was in bands of S\$100,000 to S\$150,000.</p> <p>Other than as disclosed, there was no employee of the Group who was an immediate family member of a Director or CEO whose remuneration exceeded S\$50,000 in FY2018.</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 59 to 61 of this Annual Report. The Company did not grant any option or award any shares during FY2018.</p>																																			

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation											
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 FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.											
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in line with the goals of all stakeholders:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 9.6(b)</b></th> </tr> <tr> <th><b>Performance Conditions</b></th> <th><b>Short-term Incentives</b></th> <th><b>Long-term Incentives</b></th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Marketing effort</li> <li>Implementation of better practices</li> </ol> </td> <td rowspan="2">The performance conditions in relation to the long term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan) will be introduced in 2019</td> </tr> <tr> <td>Quantitative</td> <td> <ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol> </td> </tr> </tbody> </table>	<b>Table 9.6(b)</b>			<b>Performance Conditions</b>	<b>Short-term Incentives</b>	<b>Long-term Incentives</b>	Qualitative	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Marketing effort</li> <li>Implementation of better practices</li> </ol>	The performance conditions in relation to the long term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan) will be introduced in 2019	Quantitative	<ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol>
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Quantitative	<ol style="list-style-type: none"> <li>Revenue growth</li> <li>Client based growth</li> </ol>												
(c) Were all of these performance conditions met? If not, what were the reasons?	The RC reviewed the performance of the Board and key management personnel based on its performance conditions in FY2018. The performance condition set by the RC in respect of the Group achieving a minimum profit before tax of RM5.0 million for FY2018 was not met hence there was no bonus for the Executive Directors of the Company. Some of the performance conditions for key management personnel were met hence resulting in the bonus payment.												

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>The Board with the concurrence of the Audit Committee, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2018.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Work performed by outsourced Internal Auditors ("IA") and EA;</li> <li>2. Assurance has been received from the CEO and Chief Financial Officer ("CFO");</li> <li>3. Finance and accounting policies and Discretionary Authority Limit ("DAL") were established and approved by the Board;</li> <li>4. Availability of key policies on finance &amp; accounting (including DAL), investment, information technology and business continuity management;</li> <li>5. The Company outsourced its IA function to an external party who will report audit findings and recommendations directly to the AC;</li> <li>6. Key management personnel regularly evaluates, monitors and reports to the Executive Directors and AC (via periodic management meeting at individual business unit level) on material risks;</li> <li>7. An enterprise risk management framework was established to identify, assess and manage significant risks; and</li> <li>8. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels.</li> </ol> <p>Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2018.</p> <p>The Board has also relied on the independent auditors' report as set out in this annual report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on IA report issued to the Company for FY2018 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 EA;</li> <li>• Make recommendations to the Board on proposals to shareholders on appointment, re-appointment and removal of the EA, and approve the remuneration and terms of engagement of the EA;</li> <li>• Review the system of internal controls and management of financial risks with internal and EA;</li> <li>• Review the co-operation given by management to EA and IA, 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 employees 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 one (1) time in the absence of key management in FY2018.									
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed and is satisfied with the independence of the EA and has recommended the re-appointment of the EA at the forthcoming AGM.									
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table border="1" data-bbox="654 801 1434 947"> <thead> <tr> <th colspan="3" data-bbox="662 813 1426 846"><b>Table 12.6(a) - Fees Paid/Payable to the EA for FY2018</b></th> </tr> <tr> <th data-bbox="662 857 1157 902"></th> <th data-bbox="1165 857 1284 902">S\$</th> <th data-bbox="1292 857 1426 902">% of total</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 913 1157 947">Audit fees</td> <td data-bbox="1165 913 1284 947">67,000</td> <td data-bbox="1292 913 1426 947">100%</td> </tr> </tbody> </table> <p data-bbox="654 992 1434 1025">There were no fees paid to the EA for non-audit services for FY2018.</p>	<b>Table 12.6(a) - Fees Paid/Payable to the EA for FY2018</b>				S\$	% of total	Audit fees	67,000	100%
<b>Table 12.6(a) - Fees Paid/Payable to the EA for FY2018</b>											
	S\$	% of total									
Audit fees	67,000	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.	There were no non-audit services rendered for FY2018.									
12.7	Does the Company have a whistleblowing policy?	<p data-bbox="654 1317 1442 1529">Yes. The Company's employees may, in confidence, raise concerns about possible improprieties on matters of financial reporting or other matters by submitting a whistleblowing report to the Lead Independent Director, Mr. Tan See Yin at his personal email address and mobile contact number which is set out in the whistleblowing policy document (that has been issued to all employees of the Group).</p> <p data-bbox="654 1563 1442 1753">Other than the employees of the Group, any other persons including any stakeholders of the Group, may also, in confidence, raise concern about the possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman at email address (tan_see_yin@yahoo.com). There was no reported incidents pertaining to whistleblowing for FY2018.</p>									
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 FY2018, all members of AC received regular updates on changes and amendments to accounting standards from the EA 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 Government Sdn Bhd. The IA function 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 function is independent, effective and is able to discharge its duties effectively as the IA:</p> <ul style="list-style-type: none"> <li>• Is adequately qualified and employees assigned to the internal audit of the Company are key members of the Institute of IA and it adheres to the standards set by internationally recognised professional bodies;</li> <li>• Is adequately resourced and led by a Director who has 18 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.
<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>• An internal officer who is responsible for investor relations and whose contact details can be found in the corporate website of the Group; and</li> <li>• Investor briefing during AGM.</li> </ul>
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The investor briefing during AGM was coordinated internally by the CFO of the Company. In addition, the Non-Executive Chairman and the two Executive Directors also met with investors as and when requested.

# CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at "www.axcelasia.com".
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, the Directors will review and recommend any dividend declaration subject to, <i>inter alia</i> , the level of Group's cash and retained earnings, Group's actual and projected financial performance in the relevant financial period/year, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition and restrictions on payment of dividends imposed on the Company by financing arrangement (if any).
	Is the Company paying dividends for the financial year? If not, please explain why.	No dividend has been declared or recommended for FY2018. Whilst the Group has returned to profitability in FY2018, the Company is in a loss position and the Company has taken a prudent approach of not declaring dividends for the time being.
<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 absentia 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>

# CORPORATE GOVERNANCE

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to 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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board (with the concurrence of AC) are of the opinion that the internal controls (including the financial, operational, compliance and information technology controls) and risk management system which the Group considers relevant and material to its current business scope and environment in FY2018 are effective and adequate based on the following:</p> <ul style="list-style-type: none"> <li>• Internal controls and the risk management system established by the Company;</li> <li>• Availability of key policies on finance &amp; accounting (including DAL), investment, information technology and business continuity management;</li> <li>• Work performed by the IA and EA;</li> <li>• Assurance from the CEO and CFO;</li> <li>• On-going review by the Board Committees and key management personnel; and</li> <li>• Risk appetite statements with tolerance limits have been approved by the Board.</li> </ul>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Company does not have a general mandate for IPTs. There were no IPTs with value of S\$100,000 or more transacted during FY2018.</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>

# 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(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2018.																																
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 29 March 2019.</p> <table border="1"> <thead> <tr> <th><b>Purpose</b></th> <th><b>Amount allocated in the Offer Document (\$'000)</b></th> <th><b>Amount reallocated on 22 February 2017 (\$'000)</b></th> <th><b>Amount utilised as at 29 March 2019 (\$'000)</b></th> <th><b>Amount unutilised as at 29 March 2019 (\$'000)</b></th> </tr> </thead> <tbody> <tr> <td>Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services</td> <td>6,000</td> <td>4,000</td> <td>(1,842)</td> <td>2,158</td> </tr> <tr> <td>Enhance our Group's office and support infrastructure</td> <td>500</td> <td>500</td> <td>(118)</td> <td>382</td> </tr> <tr> <td>Working capital</td> <td>1,080</td> <td>3,080<sup>(2)</sup></td> <td>(3,080)<sup>(1)</sup></td> <td>-</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>(6,340)</b></td> <td><b>2,540</b></td> </tr> </tbody> </table> <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 reallocated 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>			<b>Purpose</b>	<b>Amount allocated in the Offer Document (\$'000)</b>	<b>Amount reallocated on 22 February 2017 (\$'000)</b>	<b>Amount utilised as at 29 March 2019 (\$'000)</b>	<b>Amount unutilised as at 29 March 2019 (\$'000)</b>	Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,842)	2,158	Enhance our Group's office and support infrastructure	500	500	(118)	382	Working capital	1,080	3,080 <sup>(2)</sup>	(3,080) <sup>(1)</sup>	-	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>(6,340)</b>	<b>2,540</b>
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# SUSTAINABILITY STATEMENT

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## Introduction

The Group operates in a dynamic and challenging business environment. In response, Axcelasia intensified its efforts in sustainability ensuring that our business adapt to any events impacting our operations and we are committed to optimising environmental, economic and social impact of our activities.

This is our second year of reporting sustainability and we are guided by the Global Reporting Initiatives ("GRI") sustainability standards as this is a globally recognised sustainability framework. We have identified and updated our key stakeholders and material sustainability matters through several management discussions. The selected key material sustainability matters range from key factors that could have significant impact on our ability to deliver sustainably to our shareholders and key stakeholders. We prioritise and present those matters that have the greatest relevance and highest potential impact to our business and relationship with stakeholders.

This sustainability report covers the period from 1 January 2018 to 31 December 2018. The information in this report covers our results and performance in the areas of environment, employment, training and education, diversity and equal opportunity and local communities. Axcelasia's efforts in improving sustainability initiatives are diverse and continuous, and we look forward to improving these efforts in the coming years.

We establish key performance indicators for our people. We will continuously to identify specific key performance indicators on the environmental aspects as steps are being taken to review our business processes and to establish and capture more accurate baseline information.

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

## Governance

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

## Key stakeholders

Stakeholders are defined as any individuals, community and entities that may be impacted by Axcelasia's business operation. During our strategy sessions and management meetings, on a consolidated basis, we have identified stakeholders relevant to us. We outline in the table below our key stakeholders and how we engage with our stakeholders.



# SUSTAINABILITY STATEMENT

No.	Stakeholders	Description	How we engage with stakeholders
1.	Shareholders/investors	Shareholders and investors provide funds for the Group with the expectation of financial returns. We engage with shareholders and investors to enable them to understand our businesses, the Group’s strategies, future growth and expectation.	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Corporate announcements and disclosures</li> <li>• Ongoing media releases</li> </ul>
2.	Customers: <ul style="list-style-type: none"> <li>• Government</li> <li>• Listed and private companies</li> <li>• Government agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Clients to whom we provide the following sources:                             <ul style="list-style-type: none"> <li>- Tax</li> <li>- Business consultancy</li> <li>- Forensics advisory</li> <li>- Internal audit and internal controls</li> <li>- Business process improvements</li> <li>- Corporate governance, sustainability and integrated reporting</li> <li>- Accounting assistance</li> <li>- Corporate secretarial</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Regular – daily through day-to-day engagement</li> <li>• Meetings</li> <li>• Correspondences</li> <li>• Brochures</li> <li>• Products and services briefings</li> <li>• Media announcements and advertisements</li> </ul>
3.	Employees	Being a professional service provider, our people are key to our operations and to achieve our business objectives. The Group’s objectives are to provide them with a conducive working environment enabling them to grow and prosper with the Group.	<ul style="list-style-type: none"> <li>• Townhall sessions</li> <li>• Performance management</li> <li>• Involvement in community activities</li> <li>• Sponsorships and talent enhancement</li> <li>• Training and development</li> </ul>
4.	Local authorities/ municipalities/Regulators/ Government ministries	Authorities and government establish rules and regulations which govern the Group’s operation. The Group engages with them to ensure we comply with various rules and regulations applicable to us.	<ul style="list-style-type: none"> <li>• Compliance with rules and regulations</li> <li>• Submission of reports required under regulations</li> <li>• Briefings and trainings</li> <li>• Periodic visits and inspections</li> </ul>
5.	Industry Associations	The Group engages with industry associations and academia to achieve mutual benefits.	Meetings and discussions were held with various industry associations, such as: <ul style="list-style-type: none"> <li>• MIA</li> <li>• MICPA</li> <li>• IIA</li> <li>• Chartered Institute of Taxation</li> <li>• Other professional Risk Management and Accountancy professional organisations</li> <li>• Malaysian International Chamber of Commerce and Industry</li> <li>• ICC, Malaysian Branch</li> </ul>

# SUSTAINABILITY STATEMENT

## Material ESG

The Group's senior management has identified key sustainability factors which are deemed material to the Group's business and stakeholders. The material ESG factors that are applicable to our Group are as follows:



These material ESG Factors are mapped to GRI standards as follows:

Areas	Material sustainability topics	GRI standards
Environment	Waste and recycle management	GRI 306-2 Waste by type and disposal method
Social	<ul style="list-style-type: none"> <li>Employment</li> <li>Training and Education</li> <li>Diversity and Equal Opportunity</li> <li>Local communities</li> </ul>	102-8 Information on employees and other workers GRI 404 Training and Education GRI 405 Diversity and Equal Opportunities GRI 413 Local Communities
Governance	<ul style="list-style-type: none"> <li>Anti-corruption, bribery and whistleblowing</li> </ul>	GRI 205 Anti-corruption

## Environment

### Waste and recycle management

In 2018, we have intensified our efforts to reduce our paper consumption and travel which indirectly cut our carbon emission. We had reduced our paper consumption by subscribing to document cloud service from a Microsoft 365 which provides online access of our project management materials rather than printing a hard copy of documents. We are reviewing our working paper processes through the use of e-workpapers to minimise paper usage. We continue to improve our use of technology such as video and tele-conference, e-mails, whenever newer technologies are introduced and updated and encourage our employees to travel directly to client premises.

### Targets

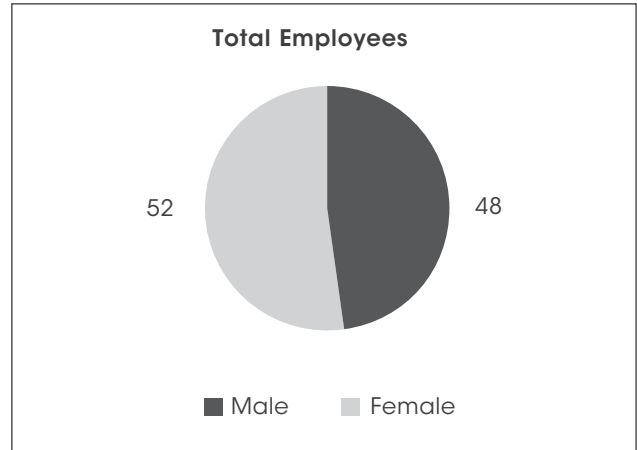
The Group will strive to reduce usage of paper in order to protect the environment and reduce costs.

# SUSTAINABILITY STATEMENT

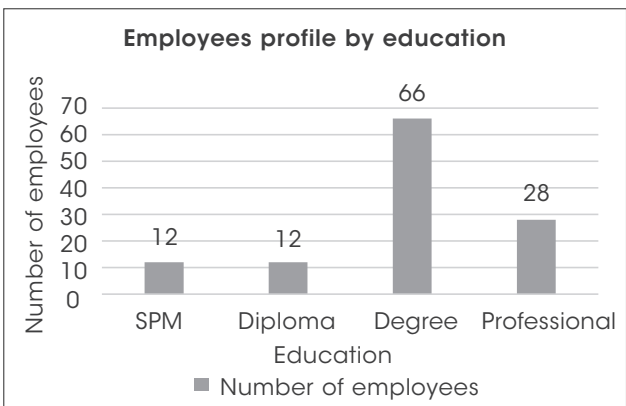
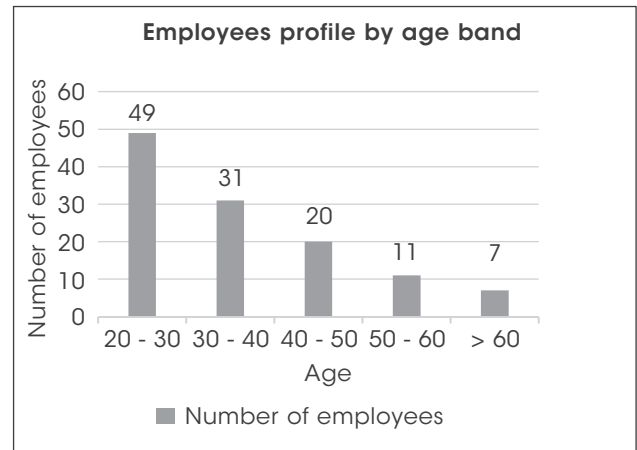
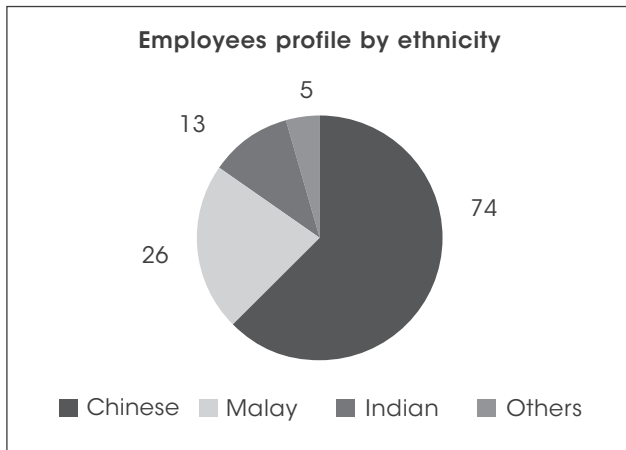
**Social**

**i) Employment**

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



**ii) Diversity and equal opportunity**



We take cognisance to creating a working environment that promotes diversity and inclusion in Axcelasia. To drive this, our efforts of employing female employees were intensified and our current female to male ratio is (0.52: 0.48) (2017: 0.53:0.47).

92% (2017: 92%) of our employees were experienced employees and our employees age profile ranges from 20 to the eldest at 70. Our employees education profile ranges from doctoral degree to Malaysian Certificate of Education. We do encourage our employees to upskill through our comprehensive learning and development programmes.

# SUSTAINABILITY STATEMENT

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### **iii) Training and education**

Axcelasia conducts trainings internally for all employees within the firm to keep all employees abreast with the latest professional standards covering tax, accounting, legal and business operations.

Our employees are required to achieve at least 40 training hours per annum.

The training costs represent 0.5% (2017: 0.4%) of our total expenses. New employees are inducted with the firm policies during the orientation programmes and we provide on-the-job training continuously through mentoring and guidance for all new employees.

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

Apart from internal training, the Group also conducts external training for Directors of listed entities. In 2018, we coordinated with Bursa Malaysia Securities Berhad ("Bursa Malaysia") and conducted a total of 4 training across various topics in line with Bursa Malaysia listing requirements. These external training sections were charged with a fee set by Bursa Malaysia.

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

The management team of Axcelasia engages with all employees of the Group on a regular basis to ensure that all concerns of employees are addressed on a timely basis for a better working environment. This engagements are conducted on a departmental basis between management team and the junior employees. Annually, the Group conducts strategy sessions with the head of the various business units and brief the entire Group about the department strategy, goals and budgets. Analysis of the historical results are also shared with all employees of the Group.

### **iv) Local communities**

Axcelasia was involved in three (3) charitable projects where activities were organised for privileged children homes. Donations and presents were collected from the Group's employees and donated to the homes. This donation brings joy to the children creating special memories during those joyous celebrity occasions such as Chinese New Year, Thaipusam and others, by providing them with presents, games and festive foods.

### **Targets**

The Group believes in creating awareness of social topics among Group's employees. Besides, the Group also strives to provide adequate training and education to all employees to improve the quality of services provided to clients.

# SUSTAINABILITY STATEMENT

## Governance

### ***Anti-bribery, corruption and whistleblowing***

The Group is committed to the highest possible standards of ethical, moral, and legal conduct. Consistent with this commitment, the Group has its own Professional Business Conduct and Ethics for employees stated in the Employees Handbook. From the year 2018 and annually, our employees will sign an annual declaration confirming their independence and conflict of interest check. This practice ensures that employees are well aware of their professional responsibilities and act in the best interest of our clients.

Our Professional Business Conduct and Ethics guidelines highlight the responsibilities of avoiding any potential circumstances on bribery and corruption. These expected behaviour is communicated to employees during the Townhall sessions continuously and our Board members are educated and updated on the latest rules and regulations related to anti-bribery and corruption.

The Group has in place a whistleblowing policy which aims to support good management practices and sound corporate governance practices. This policy aims to provide a structured mechanism for employees and others to raise or report concerns about ongoing or suspected wrongful activities or wrongdoings to provide reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith.

The Group's corporate governance matters are covered in a disclosure table in the annual report in compliance to the Code of Corporate Governance 2012 and Catalist Rules, which form the Board's governance framework. This document outlines the role of the Board, diversity within the Board and key governance practices.

In addition, our Board takes an active role in Board succession planning and refreshment, and works toward creating a balanced Board with fresh perspectives, age, gender and ethnic diversity, and deep experience. One third of our Board members are women and 50% (2017: 50%) of our Board members consist of Independent Directors.

### ***Targets***

The Group has been tightening controls to ensure business is conducted in an ethical manner and in compliance with anti-corruption regulations. Among the targets that the Group has set out for 2018, the following has been achieved:

- **No gift and Anti-bribery.** The Group's policy is to conduct all of its business in an honest and ethical manner. It adopts a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Group has adopted a no gift and Anti-bribery policy which has been included in the employee handbook and communicated to all employees.
- \* **Introduction of risk register.** Risk registers have been introduced throughout the Group.

The Group targets to achieve zero incidents of bribery and corruption or non-compliance.

# SUSTAINABILITY STATEMENT

## GRI CONTENT INDEX - CORE OPTION

	GRI STANDARD	DISCLOSURE	REFERENCE
<b>GENERAL DISCLOSURES</b>	102-1	Name of the organisation	Axcelasia Inc.
	102-2	Activities, bands, products and services	• Annual Report FY2018 ("AR") Pages 01,04 and 05
	102-3	Location of headquarters	• AR Page 15
	102-4	Locations of operations	• AR Page 15
	102-5	Ownership and legal form	• AR Page 15 • AR, Notes to Financial Statement, Page 103 to 106 • AR, Shareholders Information, Pages 124 to 125
	102-6	Markets served	• AR, Corporate Profile, Page 01 • AR, Chairman's Message, Page 02
	102-7	Scale of the organisation	• AR, Chairman's Message, Page 02 • AR, Corporate Structure, Page 05
	102-8	Information on employees and other workers	• AR, Board of Directors, Pages 09 to 11 • AR, Management Team, Pages 12 to 14 • Employment, Section (i)
	102-9	Supply chain	N.A.
	102-10	Significant changes to the organisation and its supply chain	N.A.
	102-11	Precautionary principle or approach	N.A.
	102-12	External initiatives	Section (iv), Page 54
	102-13	Membership of associations	Industry Association, Page 51
	102-14	Statement from senior decision maker	AR, Chairman's Message, Pages 02 to 03
	102-18	Governance structure	• AR, Page 05 • AR, Corporate Information, Page 15 • Governance Section, Page 50
	102-40	List of stakeholder groups	Pages 50 to 51
	102-42	Identifying and selecting stakeholders	Pages 50 to 51
	102-43	Approach to stakeholder engagements	Pages 50 to 51
	102-44	Key topic and concerns raised	Page 52
	102-45	Entities included in the consolidated financial statements	• AR, Page 05 • Introduction Section, Page 50



# SUSTAINABILITY STATEMENT

	GRI STANDARD	DISCLOSURE	REFERENCE
	102-46	Defining report content and topic boundaries	Introduction Section, Page 50
	102-47	List of material topics	Page 52
	102-48	Restatements of information	N.A.
	102-49	Changes in reporting	N.A.
	102-50	Reporting period	Introduction Section, Page 50
	102-51	Date of most recent report	Introduction Section, Page 50
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> <li>• AR, Corporate Profile, Page 01</li> <li>• AR, Corporate Information, Page 15</li> </ul>
	102-54	Claims of reporting in accordance with the GRI Standards	<ul style="list-style-type: none"> <li>• Introduction Section, Page 50</li> <li>• This report is guided by GRI Standards (Core Option)</li> </ul>
	102-55	GRI content index	Pages 56 to 57
	102-56	External assurance	The Group may consider seeking external assurance in the future.

## GRI SPECIFIC INDEX - MATERIAL TOPICS

	GRI STANDARD	DISCLOSURE	REFERENCE
<b>MATERIAL TOPICS</b>	<b>Anti-Corruption</b>		
	205-1	Operations assessed for risks related to corruption	Pages 54 to 55
	<b>Environment</b>		
	306-2	Waste by type and disposal method	Page 52
	<b>Training and Education</b>		
	404-1	Average hours of training per year per employee	Section (iii), Pages 53 to 54
	404-2	Programs of upgrading employee skills and transition assistance programs	Section (iii), Pages 53 to 54
	<b>Diversity &amp; Equal Opportunity</b>		
	405-1	Diversity of governance bodies and employees	Section (ii), Page 53
	<b>Local Communities</b>		
413-2	Operations with significant actual and potential negative impacts on local communities	Section (iv), Page 54	

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Axcelasia Inc. (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

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 69 to 123 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 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

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

## Arrangements to enable directors to acquire shares and debentures

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

## Directors' interests in shares or debentures

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

	Holdings registered in name of director			Holdings in which the directors are deemed to have an interest		
	As at	As at	As at	As at	As at	As at
	<u>21.1.2019</u>	<u>31.12.2018</u>	<u>1.1.2018</u>	<u>21.1.2019</u>	<u>31.12.2018</u>	<u>1.1.2018</u>
Company (No. of ordinary shares)						
Dr. Veerinderjeet Singh A/L Tejwant Singh	23,932,500	23,932,500	25,132,500	900,000	900,000	900,000
Dato' Tang Swee Guan	37,852,700	37,852,700	39,052,700	3,444,000	3,444,000	3,444,000
Ranjit Singh A/L Taram Singh	41,118,960	41,118,960	40,728,960	-	-	-

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## Share options/share awards

### **THE AXCELASIA EMPLOYEE SHARE OPTION SCHEME**

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

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

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

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

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

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

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

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

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

There were no options being exercised during the financial year.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **Share options/share awards (continued)**

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

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

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

### **THE AXCELASIA PERFORMANCE SHARE PLAN**

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

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

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

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

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

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## Share options/share awards (continued)

### THE AXCELASIA PERFORMANCE SHARE PLAN (continued)

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

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

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

## Audit committee

The Audit Committee comprises the following members, who are all Independent and Non-Executive Directors.

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

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

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **Audit committee (continued)**

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

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

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. There were no non-audit services rendered for the financial year ended 31 December 2018.

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.

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# DIRECTORS' STATEMENT

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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

**20 March 2019**



# 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 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 69 to 123.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2018 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 understood and evaluated management's processes and control over revenue recognition.</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, including focusing on management's assessment on whether the performance obligations are satisfied over time or at a point in time.</p> <p>We performed audit procedures on revenue transactions taking place within a pre-determined period before and after year end to ensure that revenue was recognised in the relevant accounting period.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
<p><b>Revenue recognition (continued)</b></p> <p>The accounting policies for revenue recognition are set out in Note 2.3 to the financial statements and the different revenue streams for the Group have been disclosed in Note 4 to the financial statements.</p>	<p>We tested samples of invoices raised during the financial year to engagement letters, correspondences and/or other supporting documents for accuracy of revenue recognised.</p> <p>Based on the procedures performed, we concluded revenue is recognised in accordance with the Group's accounting policies.</p> <p>We also assessed the adequacy of revenue disclosures contained in Note 25 to the financial statements, namely information by reportable segments and geographical information.</p>
<p><b>Credit loss allowance for trade receivables</b></p> <p>The allowance for credit losses on 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 9.2 million. This represents 24% of the Group's total assets.</p> <p>Trade receivables overdue for more than 90 days, representing 29% of total trade receivables as at 31 December 2018, 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 2.9 (e) and (g) to the financial statements.</p>	<p>We evaluated the adequacy of allowance for credit losses 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 2018.</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>

# 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>Credit loss allowance for trade receivables (continued)</b></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 23 (b) to the financial statements.</p>
<p><b>Impairment assessment on goodwill</b></p> <p>The Group has a significant amount of goodwill arising from the acquisition of Audex Governance Sdn Bhd on 1 April 2017. As at 31 December 2018, the carrying value of the goodwill amounted to RM 2.13 million. This represents 6% of the Group's total assets.</p> <p>Goodwill is assessed for impairment annually irrespective of whether there is any indication that the goodwill may be impaired.</p> <p>The management applies the value-in-use method to determine the recoverable amount of the cash-generating unit ("CGU") in which goodwill is attributed to. The recoverable amount of the goodwill is highly dependent on management's forecasts and estimates which includes, but not limited to, discount rate and growth rates in revenue and cost of services rendered.</p> <p>The accounting policies for impairment assessment on goodwill are set out in Note 2.8 (a) to the financial statements.</p>	<p>With the assistance of our internal valuation specialist, we have evaluated whether the model used by management to determine the recoverable amount of goodwill complies with SFRS(I) 1-36 Impairment of Assets.</p> <p>We analysed the future discounted cash flows used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU.</p> <p>We evaluated the reasonableness and challenged the appropriateness of key assumptions used by the management, by comparing them against internal information relating to the CGU and/or publicly available market data.</p> <p>We also assessed the appropriateness of disclosures contained in Note 14 to the financial statements.</p>

## *Other information*

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## *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 SFRS(I)s, 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.
- 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

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

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

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

**Singapore**

**20 March 2019**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	4	<b>25,197,478</b>	22,069,261
Other gains – net	5	<b>724,594</b>	768,777
Expenses			
– Depreciation of property, plant and equipment	13	<b>(474,955)</b>	(523,501)
– Employee compensation	6	<b>(16,243,685)</b>	(17,391,403)
– Referral fees and research charges		<b>(42,913)</b>	(57,647)
– Rental on operating lease and maintenance		<b>(1,040,069)</b>	(1,532,839)
– Subcontractors' fee		<b>(196,602)</b>	(291,094)
– Other expenses	7	<b>(5,531,738)</b>	(3,649,142)
Total expenses		<b>(23,529,962)</b>	(23,445,626)
Profit/(loss) before income tax		<b>2,392,110</b>	(607,588)
Income tax expense	8	<b>(938,647)</b>	(781,386)
<b>Net profit/(loss)</b>		<b>1,453,463</b>	(1,388,974)
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	19	<b>(6,409)</b>	(15,184)
<b>Total comprehensive income/(loss)</b>		<b>1,447,054</b>	(1,404,158)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>1,606,243</b>	(761,312)
Non-controlling interests		<b>(152,780)</b>	(627,662)
		<b>1,453,463</b>	(1,388,974)
<b>Total comprehensive profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>1,601,451</b>	(773,638)
Non-controlling interests		<b>(154,397)</b>	(630,520)
		<b>1,447,054</b>	(1,404,158)
<b>Earnings/(loss) per share for loss attributable to equity holders of the Company (cents per share)</b>			
– Basic	9	<b>1.00</b>	(0.47)
– Diluted	9	<b>1.00</b>	(0.47)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
<b>ASSETS</b>				
<b>Current assets</b>				
Trade and other receivables	10	10,511,564	7,271,230	5,189,710
Income tax recoverable	11	569,426	632,901	1,028,370
Cash and cash equivalents	12	23,322,973	22,926,910	25,327,631
		<b>34,403,963</b>	<b>30,831,041</b>	<b>31,545,711</b>
<b>Non-current assets</b>				
Property, plant and equipment	13	1,047,920	1,346,643	1,636,305
Goodwill	14	2,130,000	2,130,000	-
		<b>3,177,920</b>	<b>3,476,643</b>	<b>1,636,305</b>
<b>Total assets</b>		<b>37,581,883</b>	<b>34,307,684</b>	<b>33,182,016</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	16	5,846,417	3,871,925	1,821,841
Current tax liabilities		137,936	273,282	12,418
		<b>5,984,353</b>	<b>4,145,207</b>	<b>1,834,259</b>
<b>Non-current liability</b>				
Deferred tax liabilities	17	-	12,001	13,801
<b>Total liabilities</b>		<b>5,984,353</b>	<b>4,157,208</b>	<b>1,848,060</b>
<b>NET ASSETS</b>		<b>31,597,530</b>	<b>30,150,476</b>	<b>31,333,956</b>
<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
Merger reserve		(2,691,859)	(2,691,859)	(2,691,859)
Other reserve	19	41,368	46,160	52,261
Retained profits	20	6,459,088	4,852,845	5,775,999
		<b>31,626,581</b>	<b>30,025,130</b>	<b>30,954,385</b>
<b>Non-controlling interests</b>	15	<b>(29,051)</b>	<b>125,346</b>	<b>379,571</b>
<b>TOTAL EQUITY</b>		<b>31,597,530</b>	<b>30,150,476</b>	<b>31,333,956</b>

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



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
<b>ASSETS</b>				
<b>Current assets</b>				
Trade and other receivables	10	<b>419,710</b>	275,231	458,581
Cash and cash equivalents	12	<b>11,526,814</b>	13,797,018	20,378,405
		<b>11,946,524</b>	14,072,249	20,836,986
<b>Non-current assets</b>				
Property, plant and equipment	13	<b>145,381</b>	215,631	282,872
Investments in subsidiary corporations	15	<b>8,814,923</b>	10,263,680	6,262,583
		<b>8,960,304</b>	10,479,311	6,545,455
<b>Total assets</b>		<b>20,906,828</b>	24,551,560	27,382,441
<b>LIABILITIES</b>				
<b>Current liability</b>				
Trade and other payables	16	<b>423,980</b>	227,513	309,203
<b>Total liabilities</b>		<b>423,980</b>	227,513	309,203
<b>NET ASSETS</b>		<b>20,482,848</b>	24,324,047	27,073,238
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	18	<b>27,817,984</b>	27,817,984	27,817,984
Accumulated losses	20	<b>(7,335,136)</b>	(3,493,937)	(744,746)
<b>TOTAL EQUITY</b>		<b>20,482,848</b>	24,324,047	27,073,238

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to the equity holders of the Company				Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Merger reserve RM	Other reserve RM	Retained profits <sup>(1)</sup> RM			
<b>Balance at 1 January 2018</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>46,160</b>	<b>4,852,845</b>	<b>30,025,130</b>	<b>125,346</b>	<b>30,150,476</b>
Total comprehensive (loss) /income for the year	-	-	(4,792)	1,606,243	1,601,451	(154,397)	1,447,054
<b>Balance at 31 December 2018</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>41,368</b>	<b>6,459,088</b>	<b>31,626,581</b>	<b>(29,051)</b>	<b>31,597,530</b>
<b>Balance at 1 January 2017</b>	27,817,984	(2,691,859)	52,261	5,775,999	30,954,385	379,571	31,333,956
Total comprehensive loss for the year	-	-	(12,326)	(761,312)	(773,638)	(630,520)	(1,404,158)
Acquisition of subsidiary corporation	-	-	-	-	-	397,112	397,112
Acquisition of additional equity interest in subsidiary corporation	-	-	6,225	(161,842)	(155,617)	(20,817)	(176,434)
<b>Balance at 31 December 2017</b>	<b>27,817,984</b>	<b>(2,691,859)</b>	<b>46,160</b>	<b>4,852,845</b>	<b>30,025,130</b>	<b>125,346</b>	<b>30,150,476</b>

(1) Retained profits net of merger 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 2018

	Note	2018 RM	2017 RM
<b>Cash flows from operating activities</b>			
Net profit/(loss)		1,453,463	(1,388,974)
Adjustments for:			
– Income tax expense	8	938,647	781,386
– Depreciation of property, plant and equipment	13	474,955	523,501
– Interest income	5	(581,765)	(519,228)
– Adjustment on contingent consideration	5	(137,648)	–
– Property, plant and equipment written off	5	60,144	2,432
– Loss on disposal of property, plant and equipment	5	13,202	10,245
– Provision for repayment of government grant	7	–	14,517
– Unrealised currency translation difference		8,789	36,941
		<b>2,229,787</b>	(539,180)
Changes in working capital:			
– Trade and other receivables		(3,240,334)	(1,057,767)
– Trade and other payables		1,287,163	226,548
Cash generated from/(used) in operations		276,616	(1,370,399)
Interest received		–	80,387
Income tax (paid)/refund		(1,022,518)	47,801
<b>Net cash used in operating activities</b>		<b>(745,902)</b>	(1,242,211)
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary corporation, net of cash		–	(2,350,072)
Acquisition of additional equity interest in subsidiary corporation		–	(176,434)
Additions to property, plant and equipment	13	(300,138)	(260,293)
Disposal of property, plant and equipment		49,102	28,004
Interest received		581,765	519,228
<b>Net cash provided by/(used in) investing activities</b>		<b>330,729</b>	(2,239,567)
<b>Cash flows from financing activities</b>			
Acquisition of subsidiary corporation by non-controlling interests		–	397,112
Advances from a director of a subsidiary corporation		73,500	–
Bank deposits pledged	12	45,000	–
<b>Net cash provided by financing activities</b>		<b>118,500</b>	397,112
<b>Net decrease in cash and cash equivalents</b>		<b>(296,673)</b>	(3,084,666)
<b>Cash and cash equivalents</b>			
Beginning of financial year		22,158,288	25,282,631
Effects of currency translation on cash and cash equivalents		(13,741)	(39,677)
<b>End of financial year</b>	12	<b>21,847,874</b>	22,158,288

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 15.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### *Interpretations and amendments to published standards effective in 2018*

On 1 January 2018, the Group adopted the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new or amended SFRS(I) and SFRS(I) INT 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.

### 2.2 Adoption of SFRS(I)

As required by the listing requirements of SGX-ST, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

There were no material adjustments to the Group's equity, total comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I).

#### (a) *Optional exemptions applied*

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

#### (i) *Business combination*

SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

#### (ii) *Short-term exemption on adoption of SFRS(I) 9 Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The accounting policies for financial assets under SFRS(I) 9 is as disclosed in Note 2.9.

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade and other receivables

The impairment methodology for each classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.9 and Note 23(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Adoption of SFRS(I) (continued)

#### (a) *Optional exemptions applied (continued)*

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I) (continued):

#### (iii) *Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

### 2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (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 when the Group satisfies a performance obligation by transferring control of a promised service to the customer.

#### (b) *Licensing of software*

The licensing of computer software are recognised when the customer obtains control of the software.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition (continued)

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

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

### 2.4 Government grants

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

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

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

### 2.5 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.5 Group accounting (continued)**

(a) *Subsidiary corporations (continued)*

(iii) *Disposals*

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

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

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

(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.

### **2.6 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (b) Depreciation

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

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

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

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

### 2.7 Intangible assets

#### *Goodwill*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Impairment of non-financial assets

#### (a) *Goodwill*

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

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets

*The accounting for financial assets before 1 January 2018 is as follows:*

(a) *Classification*

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

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

*Loans and receivables*

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

(b) *Recognition and derecognition*

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

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

(c) *Initial measurement*

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

(d) *Subsequent measurement*

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

(e) *Impairment*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (continued)

*The accounting for financial assets before 1 January 2018 is as follows: (continued)*

(e) *Impairment (continued)*

*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.

*The accounting for financial assets from 1 January 2018 under SFRS(I) 9 is as follows:*

(f) *Classification and measurement*

The Group classifies and measures its financial assets at amortised cost. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

*At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

*At subsequent measurement*

*Debt instruments*

Debt instruments of the Group mainly comprise of cash and cash equivalents and trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (continued)

The accounting for financial assets from 1 January 2018 under SFRS(I) 9 is as follows: (continued)

(f) *Classification and measurement (continued)*

There are three prescribed subsequent measurement categories, depending on the Group's business model for managing the assets and the cash flow characteristic of the assets. The Group manages these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

(g) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applied the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) *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 debt instrument, 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.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

### 2.10 Offsetting of financial instruments

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.11 Trade and other payables**

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

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

### **2.12 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.

### **2.13 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.

### **2.14 Financial guarantee**

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

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

### **2.15 Income taxes**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Income taxes (continued)

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

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

Deferred income tax is measured:

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

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

### 2.16 Provisions

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

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

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

### 2.17 Employee compensation

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Employee compensation (continued)

#### (b) Share-based compensation

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

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

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

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

### 2.18 Currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.18 Currency translation (continued)**

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

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

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

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

### **2.19 Segment reporting**

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

### **2.20 Cash and cash equivalents**

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

### **2.21 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.

### **2.22 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### 3.1 Critical accounting estimates and assumptions

#### (a) *Credit loss allowance for trade receivables*

Expected credit losses (ECL) on trade receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group has used one year of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward looking information.

As at 31 December 2018, the Group's trade receivables amounted to RM 9,296,491 which arises from the Group's different revenue segments – business consultancy, business support, EMS application and tax advisory. The loss allowance and write off of trade receivables are RM 99,357 (2017: Nil) and RM 8,181 (2017: RM 19,341) respectively.

The carrying amounts of trade receivables at the end of each financial year are disclosed in Note 10.

#### (b) *Estimated impairment of goodwill*

The Group has a goodwill of RM 2,130,000 (2017: RM 2,130,000) in its statement of financial position.

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

Significant judgments are used to estimate the revenue growth, pre-tax weighted average cost of capital and terminal growth rates applied in computing the recoverable amount of the CGU. In making these estimates, management has relied on the CGU's actual performance for the financial year ended 31 December 2018. Specific estimates are disclosed in Note 14.

If the estimated revenue growth used in the VIU calculation had been 10% lower than management's estimates, the recoverable amount would have been lower by RM 874,000 (2017: RM 480,000).

If the estimated pre-tax weighted average cost of capital used had been 1% higher than management's estimates, the recoverable amount would have been lower by RM 747,000 (2017: RM 365,000).

If the estimated terminal growth rate applied to the discounted cash flows for the CGU has been 1% lower than management's estimates, the recoverable amount would have been lower by RM 512,000 (2017: RM 248,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following major product lines and geographical locations. Revenue is attributed to countries by location of customers.

	<b>At a point in time RM</b>	<b>Over time RM</b>	<b>Total RM</b>
<b>2018</b>			
Business consultancy			
– Malaysia	-	<b>9,528,267</b>	<b>9,528,267</b>
– Singapore	-	<b>187,469</b>	<b>187,469</b>
	<b>-</b>	<b>9,715,736</b>	<b>9,715,736</b>
Business support			
– Malaysia	<b>31,950</b>	<b>5,976,483</b>	<b>6,008,433</b>
EMS application			
– Malaysia	-	<b>869,235</b>	<b>869,235</b>
Tax advisory			
– Malaysia	<b>4,076,792</b>	<b>4,527,282</b>	<b>8,604,074</b>
Total	<b>4,108,742</b>	<b>21,088,736</b>	<b>25,197,478</b>
<b>2017</b>			
Business consultancy			
– Malaysia	-	9,529,982	9,529,982
– Singapore	-	147,959	147,959
– Laos	98,061	-	98,061
	98,061	9,677,941	9,776,002
Business support			
– Malaysia	44,609	3,311,550	3,356,159
EMS application			
– Malaysia	-	386,223	386,223
Tax advisory			
– Malaysia	2,013,953	6,334,079	8,348,032
– Vietnam	-	202,845	202,845
	2,013,953	6,536,924	8,550,877
Total	2,156,623	19,912,638	22,069,261

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 4 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) *Contract assets*

	Group	
	2018 RM	2017 RM
Contract assets		
– Business support	<b>385,394</b>	–

The contract assets primarily relate to the Group's rights to consideration for work done but not billed at the reporting date on business support service. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

## 5 OTHER GAINS - NET

	Group	
	2018 RM	2017 RM
Interest income		
– Bank deposits	<b>11,445</b>	42,768
– Fixed deposits	<b>570,320</b>	476,460
Trade receivables written back	<b>14,995</b>	93,640
Rental income	–	31,320
Adjustment on contingent consideration	<b>137,648</b>	–
Waiver of debts by non-controlling shareholder	–	169,865
Realised foreign exchange (loss)/gain, net	<b>(6,470)</b>	965
Unrealised foreign exchange loss, net	<b>(25,380)</b>	(70,377)
Loss on disposal of property, plant and equipment	<b>(13,202)</b>	(10,245)
Property, plant and equipment written off	<b>(60,144)</b>	(2,432)
Sundry income	<b>95,382</b>	36,813
	<b>724,594</b>	768,777

## 6 EMPLOYEE COMPENSATION

	Group	
	2018 RM	2017 RM
Salaries and bonus	<b>13,937,824</b>	14,978,728
Employer's contribution to defined contributions plan	<b>1,857,315</b>	1,926,773
Other short-term benefits	<b>448,546</b>	485,902
	<b>16,243,685</b>	17,391,403

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 7 OTHER EXPENSES

	Group	
	2018 RM	2017 RM
Accommodation	1,228	17,234
Advertising and promotion	19,752	22,878
Fees on audit services paid/payable to:		
– Auditor of the Company	204,857	177,292
– Other auditors	23,482	22,800
Trade receivables written off	8,181	19,341
Allowance for credit losses on trade receivables	99,357	–
Amount owing from director of a subsidiary corporation written-off	–	188,965
Conference expenses	55,664	35,932
Entertainment	16,978	26,931
Insurance	193,353	145,706
Internal audit fee	15,000	15,000
Petrol, toll and parking	74,027	93,081
Printing and stationery	176,739	168,337
Postage and courier	22,586	29,218
Seminar and training expenses	113,698	102,619
Share of administration expenses	45,920	75,250
Subscription fee	166,483	179,809
Telephone, fax and internet	65,922	77,824
Travelling expenses	210,313	275,383
Continuing sponsorship fee	245,596	284,444
Direct expenses	2,634,412	751,196
Consultancy services	–	33,498
Penalty	1,223	11,705
Provision for repayment of government grant	–	14,517
Secretarial and filing fee	88,905	83,172
Stamp duty	–	10,262
Utilities	43,143	58,168
Directors' fee	563,760	190,180
Professional fee	63,860	43,331
Legal	3,773	154,027
Search fee	67,404	79,545
Listing fee	44,914	46,398
Others	261,208	215,099
	<b>5,531,738</b>	<b>3,649,142</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 8 INCOME TAXES

	Group	
	2018 RM	2017 RM
Tax expense attributable to profit/(loss) is made up of:		
Current income tax		
- Current year provision	941,023	795,950
- Under/(over) provision in prior year	9,625	(12,764)
	<b>950,648</b>	783,186
Deferred income tax		
- Over provision in prior year (Note 17)	(12,001)	(1,800)
	<b>938,647</b>	781,386

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

	Group	
	2018 RM	2017 RM
Profit/(loss) before tax	2,392,110	(607,588)
Tax calculated at tax rate of 24% (2017: 24%)	574,106	(145,821)
Effects of:		
- Different tax rates in other countries	-	(38,672)
- Effect of non-taxable income	(20,903)	(13,068)
- Expenses not deductible	644,709	803,114
- Tax incentives	(365,627)	(326,158)
- Deferred income taxable in current year	32,361	-
- Deferred tax asset not recognised	115,852	548,591
- Utilisation of previously unrecognised deferred tax asset	(41,613)	(27,120)
- Under/(over) provision of income tax in prior year	9,625	(12,764)
- Over provision of deferred income tax in prior year	(12,001)	(1,800)
- Tax exemption	(1,512)	-
- Other	3,650	(4,916)
Tax charge	<b>938,647</b>	781,386

### 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 2018, AGBS has tax exempt profits available for distribution of approximately RM3,892,303 (2017: RM 2,404,195) subject to agreement with Inland Revenue Board.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 8 INCOME TAXES (CONTINUED)

At the date of the statement of financial position, the Group had unabsorbed tax losses of approximately RM 3,582,329 (2017: RM 3,273,000), that are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiary corporations operate. Deferred tax assets have not been recognised in respect of unabsorbed tax losses, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses have no expiry date.

## 9 EARNINGS/(LOSS) PER SHARE

	Group	
	2018 RM	2017 RM
Profit/(loss) attributable to equity holders of the Company	<u>1,606,243</u>	<u>(761,312)</u>
Weighted average number of ordinary shares for basic earnings per share	<u>160,320,000</u>	160,320,000
Basic earnings/(loss) per share (cents per share)	<u>1.00</u>	<u>(0.47)</u>
Diluted earnings/(loss) per share (cents per share)	<u>1.00</u>	<u>(0.47)</u>

### (a) Basic earnings/(loss) per share

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

### (b) Diluted earnings/(loss) per share

For the purposes of calculating diluted earnings/(loss) per share, profit/(loss) 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 are no potential dilutive ordinary shares as at 31 December 2018 and 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 10 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Trade receivables – non-related parties	9,296,491	6,321,416	4,301,303	-	-	-
Less: Allowance for credit losses on trade receivables	(99,357)	-	-	-	-	-
	9,197,134	6,321,416	4,301,303	-	-	-
Contract assets (Note 4(b))	385,394	-	-	-	-	-
Other receivables						
- Non-related parties	150,732	11,300	238,022	150,732	-	192,458
- Subsidiary corporations	-	-	-	132,724	132,724	45,330
Deposits	429,813	652,153	410,404	43,705	51,496	49,074
Prepayments	110,439	82,676	65,834	-	-	-
Amount due from non-controlling interests	109,925	109,925	-	-	-	-
Accrued interest receivable	128,127	93,760	174,147	92,549	91,011	171,719
	10,511,564	7,271,230	5,189,710	419,710	275,231	458,581

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

## 11 INCOME TAX RECOVERABLE

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Income tax recoverable	569,426	632,901	1,028,370

Income tax recoverable relates to amounts expected to be recovered from the tax authority for overpayment made during current and prior financial years.

## 12 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Cash at bank and on hand	17,658,529	8,994,888	7,933,947	10,226,709	2,019,212	4,098,277
Bank deposits	5,664,444	13,932,022	17,393,684	1,300,105	11,777,806	16,280,128
	23,322,973	22,926,910	25,327,631	11,526,814	13,797,018	20,378,405

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 12 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM
Cash and bank balances (as above)	<b>23,322,973</b>	22,926,910	25,327,631
Less:			
- Bank deposits pledged <sup>(a)</sup>	-	(45,000)	(45,000)
- Bank balances restricted <sup>(b)</sup>	<b>(1,475,099)</b>	(723,622)	-
Cash and cash equivalents per consolidated statement of cash flows	<b>21,847,874</b>	22,158,288	25,282,631

(a) Bank deposits are pledged as security for a bank guarantee (Note 21).

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

### Acquisition of subsidiary corporation

Please refer to Note 26 for the effect of acquisition of a 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 2018 Cost</b>					
At 1 January 2018	<b>2,161,509</b>	<b>451,973</b>	<b>159,346</b>	<b>495,219</b>	<b>3,268,047</b>
Currency translation differences	34	-	-	(2,163)	(2,129)
Additions	127,301	43,970	20,821	108,046	300,138
Write off	-	-	-	(116,361)	(116,361)
Disposal	<b>(196,770)</b>	<b>(8,304)</b>	<b>(6,735)</b>	<b>(27,698)</b>	<b>(239,507)</b>
At 31 December 2018	<b>2,092,074</b>	<b>487,639</b>	<b>173,432</b>	<b>457,043</b>	<b>3,210,188</b>
<b>Accumulated depreciation</b>					
At 1 January 2018	<b>1,258,972</b>	<b>312,146</b>	<b>121,754</b>	<b>228,532</b>	<b>1,921,404</b>
Currency translation differences	44	-	-	(715)	(671)
Depreciation charge	322,385	72,160	18,831	61,579	474,955
Write off	-	-	-	(56,217)	(56,217)
Disposal	<b>(160,606)</b>	<b>(2,624)</b>	<b>(4,797)</b>	<b>(9,176)</b>	<b>(177,203)</b>
At 31 December 2018	<b>1,420,795</b>	<b>381,682</b>	<b>135,788</b>	<b>224,003</b>	<b>2,162,268</b>
<b>Net book value</b>					
At 31 December 2018	<b>671,279</b>	<b>105,957</b>	<b>37,644</b>	<b>233,040</b>	<b>1,047,920</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>					
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	1,881,378	478,897	145,997	398,951	2,905,223
Currency translation differences Arising from business combination	(1,785)	(2,945)	(522)	(9,722)	(14,974)
Additions	726,680	30,746	85,800	-	843,226
Write off	136,019	502	11,593	112,179	260,293
Disposal	(570,247)	(20,324)	(38,836)	-	(629,407)
	(10,536)	(34,903)	(44,686)	(6,189)	(96,314)
At 31 December 2017	<u>2,161,509</u>	<u>451,973</u>	<u>159,346</u>	<u>495,219</u>	<u>3,268,047</u>
<b>Accumulated depreciation</b>					
At 1 January 2017	786,366	241,580	98,455	142,517	1,268,918
Currency translation differences Arising from business combination	(240)	(132)	(38)	(2,116)	(2,526)
Depreciation charge	706,742	30,707	79,102	-	816,551
Write off	336,625	76,529	20,772	89,575	523,501
Disposal	(568,641)	(20,293)	(38,041)	-	(626,975)
	(1,880)	(16,245)	(38,496)	(1,444)	(58,065)
At 31 December 2017	<u>1,258,972</u>	<u>312,146</u>	<u>121,754</u>	<u>228,532</u>	<u>1,921,404</u>
<b>Net book value</b>					
At 31 December 2017	<u>902,537</u>	<u>139,827</u>	<u>37,592</u>	<u>266,687</u>	<u>1,346,643</u>
<b>Company</b>					
<b>2018</b>					
<b>Cost</b>					
At 1 January 2018	<b>182,165</b>	<b>46,922</b>	<b>1,964</b>	<b>126,885</b>	<b>357,936</b>
Additions	<b>550</b>	<b>1,122</b>	<b>-</b>	<b>-</b>	<b>1,672</b>
At 31 December 2018	<u><b>182,715</b></u>	<u><b>48,044</b></u>	<u><b>1,964</b></u>	<u><b>126,885</b></u>	<u><b>359,608</b></u>
<b>Accumulated depreciation</b>					
At 1 January 2018	<b>71,997</b>	<b>18,768</b>	<b>786</b>	<b>50,754</b>	<b>142,305</b>
Depreciation charge	<b>36,543</b>	<b>9,609</b>	<b>393</b>	<b>25,377</b>	<b>71,922</b>
At 31 December 2018	<u><b>108,540</b></u>	<u><b>28,377</b></u>	<u><b>1,179</b></u>	<u><b>76,131</b></u>	<u><b>214,227</b></u>
<b>Net book value</b>					
At 31 December 2018	<u><b>74,175</b></u>	<u><b>19,667</b></u>	<u><b>785</b></u>	<u><b>50,754</b></u>	<u><b>145,381</b></u>
<b>2017</b>					
<b>Cost</b>					
At 1 January 2017	177,819	46,922	1,964	126,885	353,590
Additions	4,346	-	-	-	4,346
At 31 December 2017	<u>182,165</u>	<u>46,922</u>	<u>1,964</u>	<u>126,885</u>	<u>357,936</u>
<b>Accumulated depreciation</b>					
At 1 January 2017	35,564	9,384	393	25,377	70,718
Depreciation charge	36,433	9,384	393	25,377	71,587
At 31 December 2017	<u>71,997</u>	<u>18,768</u>	<u>786</u>	<u>50,754</u>	<u>142,305</u>
<b>Net book value</b>					
At 31 December 2017	<u>110,168</u>	<u>28,154</u>	<u>1,178</u>	<u>76,131</u>	<u>215,631</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 14 GOODWILL

	Group	
	31 December 2018 RM	31 December 2017 RM
Cost and carrying amount		
Beginning of financial year	2,130,000	-
Acquisition of subsidiary corporation (Note 26(c))	-	2,130,000
End of financial year	<b>2,130,000</b>	2,130,000

### Impairment test for goodwill

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

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

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

	Group	
	31 December 2018	31 December 2017
Pre-tax weighted average cost of capital	13.9%	13.9%
Terminal growth rate	2%	2%

Management determined profit before tax is to increase by 10% per annum for the next five years at an average of RM 135,000. In the prior year, management determined profit before tax to increase by RM 100,000 for the next three years subsequent to the current financial year end and remain constant for the next two years. The discount rates used were pre-tax and reflected specific risks relating to the relevant segment.

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

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2018 RM	2017 RM
Equity investments at cost		
Beginning of financial year	10,263,680	6,262,583
Incorporation during the financial year	-	926,594
Acquisition of subsidiary corporation	-	2,880,000
Acquisition of additional equity interest in subsidiary corporation	-	194,503
End of financial year	10,263,680	10,263,680
Less: Allowance for impairment of loss on investment in subsidiary corporations	<b>(1,448,757)</b>	-
	<b>8,814,923</b>	10,263,680

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (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		
			31 December 2018 %	2017 %	1 January 2017 %	31 December 2018 %	2017 %	1 January 2017 %	31 December 2018 %	2017 %	1 January 2017 %
<u>Held by Company</u>											
Axcelasia Taxand Sdn Bhd <sup>(a)</sup>	Provision of tax compliance, tax advisory services, training and knowledge management services	Malaysia	100	100	100	100	100	100	-	-	-
Axcelasia Singapore Pte. Ltd. <sup>(a)</sup>	Provision of management consultancy services	Singapore	75	75	75	75	75	75	25	25	25
Axcelasia Lao Co., Ltd. <sup>(a)</sup>	Provision of management consultancy services	Laos	100	100	65	100	100	65	-	-	35
Axcelasia Vietnam Co., Ltd. <sup>(a)</sup>	Provision of management consultancy services	Vietnam	70	70	-	70	70	-	30	30	-
Audex Governance Sdn Bhd <sup>(a)</sup>	Provision of management consultancy services	Malaysia	100	100	-	100	100	-	-	-	-
<u>Held by Axcelasia Taxand Sdn Bhd</u>											
Axcelasia Corporate Services Sdn Bhd <sup>(a)</sup>	Provision of company secretarial services	Malaysia	100	100	100	-	-	-	-	-	-
Axcelasia Global Business Services Sdn Bhd <sup>(a)</sup>	Provision of accounting, payroll, corporate finance and administration support services	Malaysia	100	100	100	-	-	-	-	-	-
Axcelasia Columbus Sdn Bhd <sup>(a)</sup>	Provision of management consultancy services	Malaysia	100	100	100	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations are as follows: (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		
			31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017	31 December 2018	2017	1 January 2017
Agensi Pekerjaan Axcelasia Talent Sdn Bhd <sup>(a)</sup>	Provision of recruitment and human resource consultancy services	Malaysia	100	100	100	-	-	-	-	-	-
Held by Axcelasia Columbus Sdn Bhd											
Axcelasia Softnex Sdn Bhd <sup>(a)</sup>	Licensing of ERM Application software	Malaysia	100	100	100	-	-	-	-	-	-
Axcelasia HR Consulting Sdn Bhd <sup>(a)</sup>	Provision of HR consultancy services	Malaysia	51	51	51	-	-	-	49	49	49

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

### Carrying value of non-controlling interests

	31 December 2018	Group 31 December 2017	1 January 2017
	RM	RM	RM
Axcelasia HR Consulting Sdn Bhd	(73,591)	18,314	143,211
Axcelasia Singapore Pte. Ltd.	31,792	94,003	215,544
Axcelasia Lao Co., Ltd.	-	-	20,816
Axcelasia Vietnam Co., Ltd.	12,748	13,029	-
Total	(29,051)	125,346	379,571

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Summarised statements of financial position

	Axcelasia HR Consulting Sdn Bhd			Axcelasia Singapore Pte. Ltd.		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	RM	RM	RM	RM	RM	RM
<b>Current</b>						
Assets	<b>168,871</b>	201,776	442,237	<b>159,413</b>	300,619	738,898
Liabilities	<b>(322,414)</b>	(169,627)	(153,337)	<b>(36,999)</b>	(25,544)	(11,493)
Total net current (liabilities)/assets	<b>(153,543)</b>	32,149	288,900	<b>122,414</b>	275,075	727,405
<b>Non-current</b>						
Assets	<b>3,358</b>	5,226	3,368	<b>4,755</b>	100,935	134,770
Total non-current assets	<b>3,358</b>	5,226	3,368	<b>4,755</b>	100,935	134,770
<b>Net (liabilities)/assets</b>	<b>(150,185)</b>	37,375	292,268	<b>127,169</b>	376,010	862,175

	Axcelasia Vietnam Co., Ltd.		
	31 December	31 December	1 January
	2018	2017	2017
	RM	RM	RM
<b>Current</b>			
Assets	<b>215,856</b>	233,485	-
Liabilities	<b>(278,598)</b>	(295,289)	-
Total net current liabilities	<b>(62,742)</b>	(61,804)	-
<b>Non-current</b>			
Assets	<b>105,235</b>	105,235	-
Total non-current assets	<b>105,235</b>	105,235	-
<b>Net assets</b>	<b>42,493</b>	43,431	-

### Summarised statements of comprehensive income

	Axcelasia HR Consulting Sdn Bhd		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.	
	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM
Revenue	<b>326,675</b>	341,586	<b>187,469</b>	147,959	-	202,845
<b>Loss before income tax</b>	<b>(187,560)</b>	(265,781)	<b>(242,641)</b>	(482,027)	<b>(717)</b>	(1,274,195)
Income tax expense	-	13,064	-	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(187,560)</b>	(252,717)	<b>(242,641)</b>	(482,027)	<b>(717)</b>	(1,274,195)
<b>Total comprehensive (loss)/income allocated to non-controlling interests</b>	<b>(91,904)</b>	(123,831)	<b>(60,660)</b>	(120,507)	<b>(215)</b>	(382,259)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Summarised statements of cash flows

	Axcelasia HR Consulting Sdn Bhd		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Cash used in operations	<b>(69,238)</b>	21,452	<b>(59,713)</b>	(454,450)	<b>(938)</b>	(1,188,648)
Income tax paid	<b>67,977</b>	(60,969)	-	-	-	-
<b>Net cash used in operating activities</b>	<b>(1,261)</b>	(39,517)	<b>(59,713)</b>	(454,450)	<b>(938)</b>	(1,188,648)
<b>Net cash used in investing activities</b>	-	-	-	-	-	(133,297)
<b>Net cash generated from financing activities</b>	-	-	-	-	-	1,323,705
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,261)</b>	(39,517)	<b>(59,713)</b>	(454,450)	<b>(938)</b>	1,760
Beginning of financial year	<b>17,931</b>	57,448	<b>205,015</b>	659,465	<b>1,760</b>	-
<b>End of financial year</b>	<b>16,670</b>	17,931	<b>145,302</b>	205,015	<b>822</b>	1,760

## 16 TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Accruals	<b>3,245,192</b>	1,546,683	735,495	<b>344,803</b>	218,152	87,811
Other payables - non-related parties	<b>2,316,923</b>	1,884,322	1,057,746	<b>24,927</b>	9,361	221,392
Amount due to directors of subsidiary corporations	<b>100,454</b>	26,954	28,600	-	-	-
Amount due to a subsidiary corporation	-	-	-	<b>54,250</b>	-	-
Deferred income	<b>183,848</b>	49,009	-	-	-	-
Dividend payable	-	364,957	-	-	-	-
	<b>5,846,417</b>	3,871,925	1,821,841	<b>423,980</b>	227,513	309,203

Amount due to directors of subsidiary corporations and amount due to a subsidiary corporation are unsecured, interest-free and repayable on demand.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 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:

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
<b>Deferred income tax liabilities, representing accelerated tax depreciation</b>			
- to be settled within one year	-	12,001	13,801

Movement in deferred income tax liabilities account is as follows:

	<b>Group 2018 RM</b>	<b>2017 RM</b>
Beginning of financial year	12,001	13,801
Tax credit to profit or loss (Note 8)	(12,001)	(1,800)
End of financial year	-	12,001

## 18 SHARE CAPITAL

	<b>Group and Company Number of shares</b>	<b>Issued and paid-up share capital RM</b>
<b>31 December 2018 and 2017 and 1 January 2017</b>		
Beginning and end of financial year	160,320,000	27,817,984

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

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

### The Axcelasia Employee Share Option Scheme

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18 SHARE CAPITAL (CONTINUED)

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

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

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

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

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

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

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

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

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

There were no options being exercised during the financial year.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18 SHARE CAPITAL (CONTINUED)

### 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 and for the time being in force, shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 18 SHARE CAPITAL (CONTINUED)

### The Axcelasia Performance Share Plan (continued)

- (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.

## 19 OTHER RESERVE

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Composition:			
Currency translation reserve	<b>41,368</b>	46,160	52,261

The movement of currency translation reserve is as follows:

	<b>2018 RM</b>	<b>Group 2017 RM</b>
Beginning of financial year	<b>46,160</b>	52,261
Currency translation differences of financial statements of foreign subsidiary corporations	<b>(6,409)</b>	(15,184)
Currency translation differences on acquisition of additional equity interest in a subsidiary corporation	-	6,225
Less: non-controlling interests	<b>1,617</b>	2,858
End of financial year	<b>41,368</b>	46,160

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 of the Company is as follows:

	<b>31 December 2018 RM</b>	<b>Company 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Beginning of financial year	<b>(3,493,937)</b>	(744,746)	2,103,661
Net loss	<b>(3,841,199)</b>	(2,749,191)	(2,848,407)
End of financial year	<b>(7,335,136)</b>	(3,493,937)	(744,746)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 21 CONTINGENCIES

One of the subsidiary corporation, Axcelasia Taxand Sdn Bhd has pledged a fixed deposit of Nil (2017: RM 45,000) to the bank to obtain a bank guarantee for one of its fellow subsidiary corporation, Axcelasia Columbus Sdn Bhd with respect of a binding service contract with its customer.

## 22 COMMITMENTS

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

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

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

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Not later than one year	<b>332,349</b>	943,840	1,060,801
Between one and five years	<b>18,374</b>	309,140	510,738
	<b>350,723</b>	1,252,980	1,571,539

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.

## 23 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 2018

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

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

	<b>SGD</b> <b>RM</b>	<b>USD</b> <b>RM</b>	<b>VND</b> <b>RM</b>
<b>31 December 2018</b>			
<b>Financial assets</b>			
Cash and cash equivalents	<b>1,080,707</b>	<b>41,433</b>	<b>1,198</b>
Trade and other receivables	<b>14,112</b>	<b>-</b>	<b>213,915</b>
	<b>1,094,819</b>	<b>41,433</b>	<b>215,113</b>
<b>Financial liabilities</b>			
Trade and other payables	<b>(36,999)</b>	<b>(7,193)</b>	<b>(278,598)</b>
Payables to subsidiary corporations	<b>-</b>	<b>(132,724)</b>	<b>-</b>
	<b>(36,999)</b>	<b>(139,917)</b>	<b>(278,598)</b>
<b>Net financial assets/(liabilities)</b>	<b>1,057,820</b>	<b>(98,484)</b>	<b>(63,485)</b>
Add: Net non-financial assets	<b>4,755</b>	<b>675</b>	<b>106,354</b>
<b>Net assets/(liabilities)</b>	<b>1,062,575</b>	<b>(97,809)</b>	<b>42,869</b>
<b>Currency profile including non-financial assets</b>	<b>1,062,575</b>	<b>(97,809)</b>	<b>42,869</b>
<b>Currency exposure of financial assets net of those denominated in the respective entities functional currencies</b>	<b>1,062,575</b>	<b>(97,809)</b>	<b>42,869</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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

	<b>SGD RM</b>	<b>USD RM</b>	<b>VND RM</b>
<b>31 December 2017</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2,069,665	5,048	21,594
Trade and other receivables	95,604	84,119	213,914
	<u>2,165,269</u>	<u>89,167</u>	<u>235,508</u>
<b>Financial liabilities</b>			
Trade and other payables	(25,544)	(7,647)	(278,598)
Payables to subsidiary corporations	-	(132,724)	-
	<u>(25,544)</u>	<u>(140,371)</u>	<u>(278,598)</u>
<b>Net financial assets/(liabilities)</b>	2,139,725	(51,204)	(43,090)
Add: Net non-financial assets	100,935	923	106,354
<b>Net assets/(liabilities)</b>	2,240,660	(50,281)	63,264
<b>Currency profile including non-financial assets</b>	2,240,660	(50,281)	63,264
<b>Currency exposure of financial assets net of those denominated in the respective entities functional currencies</b>	<u>2,240,660</u>	<u>(50,281)</u>	<u>63,264</u>
		<b>SGD RM</b>	<b>USD RM</b>
<b>1 January 2017</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>		4,428,889	59,193
<b>Currency exposure of financial assets net of those denominated in the respective entities functional currencies</b>		<u>4,428,889</u>	<u>59,193</u>

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies for the financial years ended 31 December 2018 and 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

#### Sensitivity analysis

The strengthening of SGD, USD and VND against MYR by 0.03% (31 December 2017: 2%; 1 January 2017: 2%), 2.3% (31 December 2017: 11%; 1 January 2017: 4%) and Nil (31 December 2017: 9%; 1 January 2017: Nil) respectively at the reporting date would (decrease)/increase profit after tax (1 January and 31 December 2017: increase/(decrease) loss after tax) by the amounts shown below. This analysis assume that all other variables including tax rate are held constant.

	Profit/(loss) after tax		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
<b>Group</b>			
SGD against MYR			
– Strengthened	<b>(237)</b>	36,293	65,852
– Weakened	<b>237</b>	(36,293)	(65,852)
USD against MYR			
– Strengthened	<b>1,678</b>	(4,038)	1,890
– Weakened	<b>(1,678)</b>	4,038	(1,890)
VND against MYR			
– Strengthened	-	4,547	-
– Weakened	-	(4,547)	-

The weakening of SGD, USD and VND against MYR by 0.03% (31 December 2017: 2%; 1 January 2017: 2%), 2.3% (31 December 2017: 11%; 1 January 2017: 4%) and Nil (31 December 2017: 9%; 1 January 2017: Nil) respectively would have had the equal but opposite effect on the above currencies to the amounts shown above, on 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 2018

## 23 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>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
<u>By types of customers</u>			
Non-related parties	<b>9,296,491</b>	6,321,416	4,301,303
<u>By geographical areas</u>			
Malaysia	<b>9,273,659</b>	6,186,731	4,301,303
Singapore	<b>12,200</b>	39,934	-
Laos	-	84,119	-
Vietnam	<b>10,632</b>	10,632	-
	<b>9,296,491</b>	6,321,416	4,301,303

#### (i) Credit rating

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables from customers.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

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

##### (i) Credit rating (continued)

The Group uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis of recognition of expected credit losses
<b>Performing</b>	Borrower or issuer have a low risk of default and a strong capability to meet contractual cash flows	12-month expected credit losses
<b>Under-performing</b>	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 365 days past due	Lifetime expected credit losses
<b>Non-performing</b>	Interest and/or principal payment are 365 days past due	Lifetime expected credit losses
<b>Write-off</b>	Interest and/or principal repayments relating to debtor that failing to engage in a repayment plan with the Group and have no reasonable expectation of recovery.	Asset is written off

##### (ii) Impairment of financial assets

The Group has the following financial assets that are subject to material credit losses where the expected credit loss model has been applied:

	<b>Group</b>	
	<b>31 December 2018 RM</b>	<b>31 December 2017 RM</b>
Trade receivables from:		
– Non-related parties	<b>9,296,491</b>	6,321,416

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

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

##### (ii) Impairment of financial assets (continued)

The Group's credit risk exposure in relation to trade receivables from customers as at 31 December 2018 and 2017 are set out in the provision matrix as follows:

	<b>Expected losses rate</b>	<b>Loss allowances \$</b>
<b>31 December 2018</b>		
Not past due	0%	-
Past due < 30 days	0%	-
Past due 31 to 90 days	0%	-
Past due over 90 days	3.67%	99,357
		<u>99,357</u>
<b>31 December 2017</b>		
Not past due	0%	-
Past due < 30 days	0%	-
Past due 31 to 90 days	0%	-
Past due over 90 days	0%	-
		<u>-</u>

#### *Previous accounting policy for impairment of trade receivables*

In 2017, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor;
- Breach of contract, such as default or past due event; and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

(b) *Credit risk (continued)*

(iv) *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>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Past due < 30 days	<b>1,420,767</b>	1,635,523	703,283
Past due 31 to 90 days	<b>1,491,944</b>	1,456,782	408,289
Past due over 90 days	<b>2,705,064</b>	1,231,456	1,359,211
	<b>5,617,775</b>	4,323,761	2,470,783

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

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Not past due and not impaired	<b>3,678,716</b>	1,997,655	1,830,520
Past due but not impaired	<b>5,518,418</b>	4,323,761	2,470,783
	<b>9,197,134</b>	6,321,416	4,301,303
Past due and impaired	<b>99,357</b>	-	-
Less: Allowance on credit losses on trade receivables	<b>(99,357)</b>	-	-
	<b>-</b>	-	-
Net trade receivables	<b>9,197,134</b>	6,321,416	4,301,303

Movement in credit loss allowance for financial assets is set out as follows:

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>
Balance at beginning of year	-	-
Charge to profit or loss (Note 7)	<b>99,357</b>	-
Balance at end of financial year	<b>99,357</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (c) Liquidity risk

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

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

	<b>Within 1 year RM</b>
<b>Group</b>	
<b>31 December 2018</b>	
Trade and other payables	<b>5,662,569</b>
<b>31 December 2017</b>	
Trade and other payables	3,822,916
<b>1 January 2017</b>	
Trade and other payables	1,821,841
<b>Company</b>	
<b>31 December 2018</b>	
Trade and other payables	<b>423,980</b>
<b>31 December 2017</b>	
Trade and other payables	227,513
<b>1 January 2017</b>	
Trade and other payables	309,203

#### (d) Capital risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

#### (d) Capital risk (continued)

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Net cash	<b>(17,476,556)</b>	(19,054,985)	(23,505,790)
Total equity	<b>31,597,530</b>	30,150,476	31,333,956
Total capital	<b>14,120,974</b>	11,095,491	7,828,166
Gearing ratio	<b>N.A.<sup>(1)</sup></b>	N.A. <sup>(1)</sup>	N.A. <sup>(1)</sup>

	<b>31 December 2018 RM</b>	<b>Company 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Net cash	<b>(11,102,834)</b>	(13,569,505)	(20,069,202)
Total equity	<b>20,482,848</b>	24,324,047	27,073,238
Total capital	<b>9,380,014</b>	10,754,542	7,004,036
Gearing ratio	<b>N.A.<sup>(1)</sup></b>	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 net cash position for the financial years ended 31 December 2018 and 2017.

The Group and the Company are not subjected to externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

#### (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:

	<b>31 December 2018 RM</b>	<b>Group 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Loans and receivables	-	30,115,464	30,451,507
Financial assets at amortised cost	<b>33,724,098</b>	-	-
Financial liabilities at amortised cost	<b>5,662,569</b>	3,822,916	1,821,841



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (continued)

(f) *Financial instruments by category (continued)*

	<b>31 December 2018 RM</b>	<b>Company 31 December 2017 RM</b>	<b>1 January 2017 RM</b>
Loans and receivables	-	14,072,249	20,836,986
Financial assets at amortised cost	<b>11,946,524</b>	-	-
Financial liabilities at amortised cost	<b>423,980</b>	227,513	309,203

## 24 RELATED PARTY TRANSACTIONS

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

### (a) Sales of services

	<b>Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Rental expenses paid to related parties	<b>271,776</b>	271,776

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

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
<i>Directors of the Company</i>		
Salaries and bonus	<b>1,452,000</b>	1,916,000
Employer's contribution to defined contributions plan	<b>245,560</b>	342,745
Other short-term benefits	<b>10,800</b>	19,200
	<b>1,708,360</b>	2,277,945
<i>Other key management personnel</i>		
Salaries and bonus	<b>1,908,600</b>	1,716,650
Employer's contribution to defined contributions plan	<b>232,111</b>	217,177
Other short-term benefits	<b>30,000</b>	37,650
	<b>2,170,711</b>	1,971,477

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 25 SEGMENT INFORMATION

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

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

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

Inter-segment transfers are eliminated on consolidation.

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

	<b>Corporate Office RM</b>	<b>Tax Advisory RM</b>	<b>Business Consultancy RM</b>	<b>EMS Application RM</b>	<b>Business Support RM</b>	<b>Total RM</b>
<b>2018</b>						
<b>Revenue</b>						
Sales to external parties	-	8,604,074	9,715,736	869,235	6,008,433	25,197,478
<b>Results</b>						
Segment results	(2,709,409)	2,119,335	507,493	197,625	1,695,301	1,810,345
Interest income	372,967	120,130	27,122	-	61,546	581,765
(Loss)/profit before income tax	(2,336,442)	2,239,465	534,615	197,625	1,756,847	2,392,110
Income tax expense	-	(532,820)	(259,100)	(75,065)	(71,662)	(938,647)
(Loss)/profit for the year	(2,336,442)	1,706,645	275,515	122,560	1,685,185	1,453,463
Segment assets	13,828,080	8,431,416	5,905,726	1,357,365	8,059,296	37,581,883
Segment assets includes: Additions of:						
Property, plant and equipment	1,672	32,380	61,300	26,040	178,746	300,138
Segment liabilities	369,730	960,323	928,829	296,626	3,428,845	5,984,353

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 25 SEGMENT INFORMATION (CONTINUED)

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

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

### Geographical information:

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

	<b>Revenue</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Malaysia	<b>25,010,009</b>	21,620,396
Overseas	<b>187,469</b>	448,865
	<b>25,197,478</b>	22,069,261
	<b>Non-current assets</b>	
	<b>2018 RM</b>	<b>2017 RM</b>
Malaysia	<b>3,067,256</b>	3,269,550
Overseas	<b>110,664</b>	207,093
	<b>3,177,920</b>	3,476,643

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 25 SEGMENT INFORMATION (CONTINUED)

### 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.

## 26 BUSINESS COMBINATION

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

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

### (a) Purchase consideration

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 26 BUSINESS COMBINATION (CONTINUED)

### (d) Acquisition-related costs

Acquisition-related costs of RM 40,410 are included in Note 7 to the financial statements – legal fee and in operating cash flows in the consolidated statement cash flows.

### (e) Contingent consideration

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

The former owner of Audex Governance Sdn Bhd shall ensure that the list of recurring clients, from whom the assured revenue of RM 3,000,000 was earned, as at 31 December 2017 are retained and remain as clients of the Group as at 30 June 2018. If there is a loss of recurring clients, the former owner of Audex Governance Sdn Bhd may compensate by introducing new clients to the Company who would be able to generate revenue equal to such shortfall or the sum equal to the revenue generated by the clients lost.

In 2018, an adjustment on contingent consideration of RM 137,648 has been recognised as other gain. This is due to change in the fair value of contingent consideration resulting from the events after the acquisition date which does not qualified as measurement period adjustment.

### (f) Acquired receivables

The fair value of trade and other receivables is RM 1,104,140 and includes trade receivables with a fair value of RM 1,077,688. The gross contractual amount for trade receivables due is RM 2,182,269 of which RM 1,104,581 is expected to be uncollectible.

### (g) Goodwill

The goodwill of RM 2,130,000 arising from the acquisition is attributable to the distribution network in Malaysia and the synergies expected to arise from the economies of scale in combining the operations of the Group with those of Audex Governance Sdn Bhd.

### (h) Revenue and profit contribution

The acquired business contributed revenue of RM 3,855,547 and net profit of RM 251,316 to the Group for the financial year ended 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## 27 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 2019 and which the Group has not early adopted:

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

- SFRS(I) 16: Leases
- Amendments to SFRS(I) 1-28 – Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 9 – Prepayment Features with Negative Compensation
- SFRS(I) INT 23 – Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 3 – Business Combinations
- Amendments to SFRS(I) 11 – Joint Arrangements
- Amendments to SFRS(I) 1-12 – Income Taxes
- Amendments to SFRS(I) 1-23 – Borrowing Costs

SFRS(I) 16 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 RM 350,723 (Note 22). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's results and classification of cash flows.

### Effective for annual periods beginning on or after 1 January 2020

- Amendments to SFRS(I) 3 – Business Combinations – definition of a business

### Effective date of the following standard had been revised from 1 January 2016 to a date to be determined by Accounting Standards Council

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

## **27 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)**

**Effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 1 January 2018. The amendments allowing the overlay approach are applicable when an entity first apply SFRS(I) 9.**

- Amendments to SFRS(I) 4 – Applying SFRS(I) 9 – *Financial Instruments with SFRS(I) 4 Insurance Contract*

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.

## **28 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 20 March 2019.

# SHAREHOLDER INFORMATION

AS AT 4 MARCH 2019

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

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

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 - 99	0	0.00	0	0.00
100 - 1,000	6	11.32	4,200	0.00
1,001 - 10,000	20	37.74	110,400	0.07
10,001 - 1,000,000	18	33.96	2,693,800	1.68
1,000,001 and above	9	16.98	157,511,600	98.25
Grand Total	<b>53</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	41,118,960	25.65
2. TANG SWEE GUAN	37,852,700	23.61
3. UOB KAY HIAN PTE LTD	33,471,570	20.88
4. VEERINDERJEET SINGH A/L TEJWANT SINGH	23,932,500	14.93
5. LEE SIEW WENG	7,723,170	4.82
6. DBSN SERVICES PTE LTD	7,000,000	4.37
7. CHAI SEOW LIN	3,444,000	2.15
8. CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,623,700	1.01
9. DBS NOMINEES PTE LTD	1,345,000	0.84
10. HARDIP SINGH S/O S S MAHANT	550,000	0.34
11. YAP WAI JOON	380,000	0.24
12. VIJAY SRINIVASAN @ C VIJAYA SRINIVASAN	360,000	0.22
13. LIM TIONG KHENG STEVEN	265,000	0.17
14. CHUA SIEW LIAN	220,000	0.14
15. NG CHEE KIONG	180,000	0.11
16. GUO JINJIAN	100,000	0.06
17. YEO KHIANG NGUAN OR NG LAI WAH	90,000	0.06
18. LEONG YUET MEI	80,000	0.05
19. LOW JEOK LEE	80,000	0.05
20. LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	77,900	0.05
<b>Total</b>	<b>159,894,500</b>	<b>99.75</b>



# SHAREHOLDER INFORMATION

AS AT 4 MARCH 2019

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest		Total
	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings	%
Tang Swee Guan <sup>(1)</sup>	37,852,700	23.61	3,444,000	2.15	25.76
Ranjit Singh A/L Taram Singh	41,118,960	25.65	-	-	25.65
Veerinderjeet Singh A/L Tejwant Singh <sup>(2)</sup>	23,932,500	14.93	900,000	0.56	15.49
MTD Equity Sdn Bhd <sup>(3)</sup>	-	-	15,214,000	9.49	9.49
MTD Capital Bhd <sup>(4)</sup>	-	-	15,214,000	9.49	9.49
Nikvest Sdn Bhd <sup>(5)</sup>	-	-	15,214,000	9.49	9.49
Alloy Consolidated Sdn Bhd <sup>(6)</sup>	-	-	15,214,000	9.49	9.49
Alloy Capital Sdn Bhd <sup>(7)</sup>	-	-	15,214,000	9.49	9.49
Nik Fuziah Binti Nik Hussein, Puan Sri <sup>(8)</sup>	-	-	15,214,000	9.49	9.49

### Notes:

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

## PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 4 March 2019, approximately 15.48% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Catalist Rules has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of AXCELASIA INC. (the "**Company**") will be held at Conference Room Shibuya, RNN Conference Centre, 137 Cecil Street, HengDa Building, #04-01, Singapore 069537 on Monday, 22 April 2019 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 2018 together with the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Dr. Veerinderjeet Singh a/l Tejwant Singh 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 Ms Lee Pih Peng as a Director, who will be retiring pursuant to Article 97 of the Company's Articles of Association. **[Explanatory Note (ii)]** **(Resolution 3)**
4. To approve the payment of Directors' fees totaling RM324,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears (2018: RM324,000). **[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 and Special Resolution respectively, with or without modifications:

### Ordinary Resolutions:

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

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

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

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

# NOTICE OF ANNUAL GENERAL MEETING

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

**(Ordinary Resolution 6)**

# NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

**(Ordinary Resolution 7B)**

## Special Resolution:

## 9. **Renewal of the Share Buy Back Mandate**

THAT:

- a. pursuant to the Company's Memorandum and Articles of Association (the "**Articles**"), the Labuan Companies Act 1990 (the "**Labuan Companies Act**") and the Catalist Rules, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire fully paid ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:
  - i. market purchase(s) ("**Market Purchase**"), transacted on SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted; and/or

# NOTICE OF ANNUAL GENERAL MEETING

- ii. off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit and in the interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore and the Catalist Rules.

and otherwise in accordance with all other laws and regulations (the "**Share Buy Back Mandate**"); and

- b. the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:
  - i. the conclusion of the next annual general meeting of the Company following the passing of this resolution;
  - ii. the date by which such annual general meeting is required by law or the Articles to be held;
  - iii. the date on which Share purchases or acquisitions pursuant to the Share Buy Back Mandate are carried out to the full extent mandated; or
  - iv. the date on which the authority conferred by the Share Buy Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

(the "**Relevant Period**").

- c. In this Resolution:

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: one hundred and five percent (105%) of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase: one hundred and ten percent (110%) of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) trading market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

# NOTICE OF ANNUAL GENERAL MEETING

**"Prescribed Limit"** means that number of issued Shares representing ten percent (10%) of the issued ordinary share capital of the Company as at the date of passing of this resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Labuan Companies Act, at any time during the Relevant Period or within any one financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

- d. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

**[Explanatory Note (vi)]**

**(Special Resolution 1)**

By Order of the Board

Raymond Lam Kuo Wei  
Tan Ching Ching  
Company Secretaries

Singapore,  
29 March 2019

#### **Explanatory Notes:**

- i. Ordinary Resolution 2** - Dr. Veerinderjeet Singh a/I Tejwant Singh, if re-elected, will remain as a Non-Executive Chairman of the Company.
- ii. Ordinary Resolution 3** - Ms Lee Pih Peng, if re-elected, will remain as the Chairperson of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. The Board considers Ms Lee Pih Peng to be independent pursuant to Rule 704(7) of Catalyst Rules.
- iii. Ordinary Resolution 4** - This Resolution is to facilitate the payment of Directors' fees during the financial year ending 31 December 2019 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 2019 ("**FY2019**"). Should any Director hold office for only part of FY2019 and not the whole of FY2019, the Directors' fee payable to him/her will be appropriately pro-rated.
- iv. Ordinary Resolution 6** - This Resolution, if passed, will empower the Directors of the Company (from the date of the AGM until the date of the next annual general meeting of the Company, or the date which the next annual general meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in general meeting, whichever is the earlier), to issue Shares, make or grant Instruments convertible into Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty percent (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.
- v. Ordinary Resolutions 7A & 7B** - These Resolutions, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- vi. Special Resolution 1** - This Resolution, if passed, will empower the Directors of the Company, from the date of the this AGM until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten percent (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Appendix for the Renewal of Share Buy Back Mandate dated 29 March 2019.

# 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 his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she deems fit.
4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his/her attorney.
6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.
7. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
8. The instrument appointing a proxy must be deposited at the office of the Singapore Share Registrar and Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the AGM.

**GENERAL:**

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

**PERSONAL DATA PRIVACY**

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

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**AXCELASIA INC.**  
(Company Registration No. LL12218)  
(Incorporated in Labuan, Malaysia)

**PROXY FORM**  
**ANNUAL GENERAL MEETING**

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

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

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

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting (the "AGM") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Conference Room Shibuya, RNN Conference Centre, 137 Cecil Street, HengDa Building, #04-01, Singapore 069537 on Monday, 22 April 2019 at 11.30 a.m. and at any adjournment thereof.

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

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

Resolution No.	Ordinary Business	For*	Against*
Ordinary Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors' Statement and Auditors' Report thereon.		
Ordinary Resolution 2	To re-elect Dr. Veerinderjeet Singh a/l Tejwant Singh as Director of the Company.		
Ordinary Resolution 3	To re-elect Ms Lee Pih Peng as Director of the Company.		
Ordinary Resolution 4	To approve payment of Directors' Fees for the financial year ending 31 December 2019, to be paid quarterly in arrears.		
Ordinary Resolution 5	To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration.		
	<b>Special Business</b>		
Ordinary Resolution 6	To approve the authority to allot and issue new shares and/or instruments.		
Ordinary Resolution 7A	To approve the authority to allot and issue shares under the Axcelasia Performance Share Plan.		
Ordinary Resolution 7B	To approve the authority to allot and issue shares under the Axcelasia Employee Share Option Scheme.		
Special Resolution 1	Renewal of the Share Buy-Back Mandate.		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

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

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

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**



**NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 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 by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the meeting.
8. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The instrument appointing a proxy must be deposited at the office of the Singapore Share Registrar and Transfer Agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not less than forty-eight (48) hours before the time appointed for holding the AGM.

**GENERAL:**

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

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 29 March 2019.

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**Axcelasia**

*ACCELERATING SUCCESS*

**Axcelasia Inc. (LL12218)**

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