

Axcelasia Inc.

(Incorporated in Labuan)

(Company Registration No. LL12218)

Unaudited Financial Statement and Dividend Announcement For the Full Financial Year Ended 31 December 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	Full Year Ended		Change %
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	
Revenue	25,806	25,197	2.42
Other gain - net	761	725	4.97
	26,567	25,922	2.49
Expenses			
- Depreciation of property, plant and equipment	(999)	(475)	110.32
- Employee compensation	(15,668)	(16,244)	(3.55)
- Referral fees and research charges	(58)	(43)	34.88
- Rental on operating lease and maintenance	(151)	(1,040)	(85.48)
- Subcontractors' fee	(294)	(196)	50.00
- Finance expenses	(91)	-	N.M.
- Other expenses	(4,931)	(5,532)	(10.86)
Total expenses	(22,192)	(23,530)	(5.69)
Profit before income tax	4,375	2,392	82.90
Income tax expense	(1,656)	(939)	76.36
Net profit	2,719	1,453	87.13
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – Losses	- (*)	(6)	N.M.
Total comprehensive income	2,719	1,447	87.91
Profit/(loss) attributable to:			
Equity holders of the Company	2,743	1,606	70.80
Non-controlling interests	(24)	(153)	(84.31)
	2,719	1,453	87.13
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company	2,743	1,601	71.33
Non-controlling interests	(24)	(154)	(84.42)
	2,719	1,447	87.91

N.M. – Not meaningful

* - less than RM1,000

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Full Year Ended		Change %
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	
Profit for the financial year			
is stated after charging/(crediting) the following:			
<i>Other gain- net</i>			
Fixed deposits interest income	(614)	(570)	7.72
Bank deposits interest income	(6)	(12)	(50.00)
Trade receivable written back	-	(15)	N.M.
Reversal in allowance for doubtful debts	(33)	-	N.M.
Adjustment on contingent consideration	-	(138)	N.M.
Realised foreign exchange loss, net	16	7	128.57
Unrealised foreign exchange loss, net	4	25	(84.00)
Loss on disposal of property, plant and equipment	-	13	N.M.
Property, plant and equipment written off	6	60	(90.00)
Sundry income	(134)	(95)	41.05
<i>Rental and maintenance</i>			
Rental of office and car park	90	950	(90.53)
Rental of car and office equipment	-	17	N.M.
Upkeep of office and office equipment	58	68	(14.71)
Website maintenance	3	5	(40.00)
<i>Other expenses</i>			
Travelling expenses	224	210	6.67
Insurance expenses	190	193	(1.55)
Seminar and training	137	114	20.18
Audit fee	217	228	(4.82)
Trade receivables written off	3	8	(62.50)
Allowance for credit losses on trade receivables	-	99	N.M.
Direct expenses	2,027	2,634	(23.04)
Professional fees (Internal audit, sponsorship, investor relations, secretarial, legal and other professional fee)	322	420	(23.33)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
ASSETS				
Current assets				
Trade and other receivables	11,248	10,512	11,772	420
Income tax recoverable	1	569	-	-
Cash and cash equivalents	23,866	23,323	11,422	11,527
	<u>35,115</u>	<u>34,404</u>	<u>23,194</u>	<u>11,947</u>
Non-Current assets				
Property, plant and equipment	1,827	1,048	221	145
Goodwill	2,130	2,130	-	-
Investments in subsidiary corporations	-	-	9,051	8,815
	<u>3,957</u>	<u>3,178</u>	<u>9,272</u>	<u>8,960</u>
Total assets	<u><u>39,072</u></u>	<u><u>37,582</u></u>	<u><u>32,466</u></u>	<u><u>20,907</u></u>
LIABILITIES				
Current liabilities				
Borrowings	554	-	73	-
Trade and other payables	3,790	5,846	310	424
Current tax liabilities	738	138	-	-
	<u>5,082</u>	<u>5,984</u>	<u>383</u>	<u>424</u>
Non-current liabilities				
Borrowings	561	-	78	-
Total liabilities	<u>5,643</u>	<u>5,984</u>	<u>461</u>	<u>424</u>
NET ASSETS	<u><u>33,429</u></u>	<u><u>31,598</u></u>	<u><u>32,005</u></u>	<u><u>20,483</u></u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	27,818	27,818	27,818	27,818
Treasury share	(3)	-	(3)	-
Merger reserve	(2,692)	(2,692)	-	-
Other reserve	48	42	-	-
Retained profits/ (accumulated losses)	8,186	6,459	4,190	(7,335)
	<u>33,357</u>	<u>31,627</u>	<u>32,005</u>	<u>20,483</u>
Non-controlling interests	<u>72</u>	<u>(29)</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u><u>33,429</u></u>	<u><u>31,598</u></u>	<u><u>32,005</u></u>	<u><u>20,483</u></u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

Group			
As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
554	-	-	-

Amount repayable after one year

Group			
As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
561	-	-	-

Details of any collateral

The Group's borrowings consist of obligations under lease liabilities only.

There are no unsecured borrowings as at 31 December 2019 and 31 December 2018.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Full Year Ended	
	31 December 2019 (Unaudited) RM'000	31 December 2018 (Audited) RM'000
Cash flows from Operating activities		
Net profit	2,719	1,453
Adjustments for:		
Income tax expense	1,656	939
Depreciation of property, plant and equipment	999	475
Interest income	(620)	(582)
Adjustment on contingent consideration	-	(137)
Property, plant and equipment written off	6	60
Loss on disposal of property, plant and equipment	- ^(*)	13
Unrealised currency translation difference	2	9
Finance expenses	91	-
Operating cash flows before working capital changes	4,853	2,230
Changes in working capital		
Trade and other receivables	(736)	(3,240)
Trade and other payables	(581)	1,287
Cash generated from operations	3,536	277
Income tax (paid)	(488)	(1,023)
Net cash generated from/(used in) operating activities	3,048	(746)

* - less than RM1,000

	Full Year Ended	
	31 December 2019	31 December 2018
	(Unaudited) RM'000	(Audited) RM'000
Cash flows from investing activities		
Additions to property, plant and equipment	(290)	(300)
Disposal of property, plant and equipment	75	49
Interest received	620	582
Net cash provided by investing activities	405	331
Cash flows from financing activities		
Acquisition of subsidiary corporation by non-controlling interests	104	-
Advances from a director of a subsidiary corporation	-	74
Bank deposit pledged	(12)	45
Dividend paid to equity holders of the Company	(987)	-
Share buyback	(3)	-
Principal payment of lease liability	(457)	-
Interest paid	(91)	-
Net cash (used in)/provided by financing activities	(1,446)	119
Net increase/(decrease) in cash and cash equivalents	2,007	(296)
Cash and cash equivalents		
Beginning of financial year	21,848	22,158
Effects of currency translation on cash and cash equivalents	(1)	(14)
End of financial year	23,854	21,848
Cash and bank balances	23,866	23,323
Bank deposits pledged	(12) ⁽¹⁾	-
Bank balances restricted	-	(1,475) ⁽²⁾
Cash and cash equivalents per consolidated statement of cash flows	23,854	21,848

Notes: -

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

(2) 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.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	<u>Attributable to the equity holders of the Company</u>						
	Share capital RM'000	Treasury shares RM'000	Merger reserve RM'000	Other reserve RM'000	Retained profits RM'000	Non-controlling interests RM'000	Total equity RM'000
(Unaudited)							
Balance as at 31 December 2018	27,818	-	(2,692)	42	6,459	(29)	31,598
Adoption of SFRS (I) 16	-	-	-	-	(2)	-	(2)
Balance as at 1 January 2019	27,818	-	(2,692)	42	6,457	(29)	31,596
Total comprehensive Income for the year	-	-	-	-(*)	2,743	(24)	2,719
Share buyback	-	(3)	-	-	-	-	(3)
Dividend paid	-	-	-	-	(987)	-	(987)
Acquisition of additional equity interest in subsidiary corporations	-	-	-	6	(27)	125	104
Balance as at 31 December 2019	27,818	(3)	(2,692)	48	8,186	72	33,429
(Audited)							
Balance as at 1 January 2018	27,818	-	(2,692)	46	4,853	126	30,151
Total comprehensive Income for the year	-	-	-	(4)	1,606	(155)	1,447
Balance as at 31 December 2018	27,818	-	(2,692)	42	6,459	(29)	31,598

* - less than RM1,000

Company

	Share capital RM'000	Treasury shares RM'000	Retained profits/ (Accumulated losses) RM'000	Total equity RM'000
(Unaudited)				
Balance as at 1 January 2019	27,818	-	(7,335)	20,483
Total comprehensive income for the year	-	-	12,512	12,512
Share buyback	-	(3)	-	(3)
Dividend paid	-	-	(987)	(987)
Balance as at 31 December 2019	27,818	(3)	4,190	32,005
(Audited)				
Balance as at 1 January 2018	27,818	-	(3,494)	24,324
Total comprehensive loss for the year	-	-	(3,841)	(3,841)
Balance as at 31 December 2018	27,818	-	(7,335)	20,483

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RM)
Balance as at 30 June 2019	160,310,300	27,817,984
Balance as at 31 December 2019	160,310,300	27,817,984

Treasury Shares

There were 9,700 treasury shares representing 0.006% of the Company's 160,310,300 ordinary shares (excluding treasury shares) as at 31 December 2019. There were no treasury shares as at 31 December 2018.

Subsidiary Holdings and Convertible Instruments

The Company did not have any subsidiary holdings or convertible instruments as at 31 December 2019 and 31 December 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 31 December 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares)	160,310,300	160,320,000

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any sales, transfers, cancellation and/or use of treasury shares during, and as at the end of the financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company did not have any subsidiary holdings during, and as at the end of the financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards ("SFRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2019. The adoption of these new and revised SFRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per share ("EPS")	Group	
	31 December 2019 (Unaudited)	31 December 2018 (Audited)
Profit attributable to the equity holders of the Company (RM)	2,743,283	1,606,243
Weighted average number of ordinary shares in issue	160,312,745	160,320,000
Basic EPS (RM cents per share)	1.71	1.00
Fully diluted EPS (RM cents per share) ⁽¹⁾	1.71	1.00

Note: -

- (1) The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2019 and 31 December 2018.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- (a) Current financial period reported on; and
- (b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	31 December 2019 (Unaudited)	31 December 2018 (Audited)	31 December 2019 (Unaudited)	31 December 2018 (Audited)
NAV (RM)	33,428,957	31,597,530	32,005,450	20,482,848
Number of ordinary shares in issue (excluding treasury shares)	160,310,300	160,320,000	160,310,300	160,320,000
NAV per ordinary share (RM cents)	20.85	19.71	19.96	12.78

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion on the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the financial year ended 31 December 2019 ("FY2019") as compared to the financial year ended 31 December 2018 ("FY2018").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Group's revenue breakdown for each business segment was as follows:

	FY2019 (RM'000)	FY2018 (RM'000)	% Change
Tax Advisory	9,217	8,604	7.12
Business Consultancy	10,544	9,716	8.52
Enterprise Management System ("EMS") Application	1,099	869	26.47
Business Support	4,946	6,008	(17.68)
Total	25,806	25,197	2.42

Revenue for the Group increased by 2.4% or RM0.6 million for FY2019 mainly due to the improved performance in tax advisory, business consultancy services and EMS divisions, slightly offset by the decrease in revenue from the business support services.

Other gains increased by RM0.04 million mainly due to the increase in interest income derived from higher fixed deposits placed with the financial institutions, decrease in foreign exchange loss (net) and reversal in allowance for doubtful debts and sundry income, and partially offset by property, plant and equipment written off in FY2019.

Depreciation of property, plant and equipment increased by RM0.5 million mainly due to the adoption of newly effective financial reporting standard - SFRS(I) 16 Leases on 1 January 2019 which resulted in addition in leasehold buildings under property, plant and equipment.

Employee compensation decreased by RM0.6 million mainly due to a decrease in staff costs arising from lesser provision of staff bonuses in FY2019.

Rental on operating lease and maintenance decreased by RM0.9 million mainly due to the operating lease payments not recognised as rental expenses after the adoption of SFRS(I) 16 Leases on 1 January 2019.

Subcontractors' fee increased by RM0.1 million mainly due to increase in third party subcontractors for assignments in FY2019.

Other expenses decreased by RM0.6 million mainly due to decreased expenses in respect of a business support project in FY2019.

As a result of the above, profit before income tax increased by RM2.0 million to RM4.4 million in FY2019 from RM2.4 million in FY2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current assets

Trade and other receivables comprised mainly trade receivables from non-related parties of RM9.2 million and other receivables of RM2.0 million which mainly consist of other receivables from non-related parties, rental deposits and accrued interest income derived from fixed deposits. The increase in trade and other receivables by RM0.7 million was in line with higher receivables arising from increased revenue in FY2019.

Cash and cash equivalents increased by RM0.5 million mainly attributable to higher collections from clients, and partially offset by refund of bank balances (restricted in use) of RM1.5 million to a client under the Group's business support segment.

Non-current assets

Property, plant and equipment increased by RM0.8 million mainly due to the adoption of newly effective financial reporting standard - SFRS(I) 16 Leases on 1 January 2019 which resulted in addition in leasehold buildings under property, plant and equipment and additions of renovation cost for the new office premises taken up by Axcelasia Columbus Sdn Bhd ("**Axcelasia Columbus**") and Axcelasia Global Business Services Sdn Bhd ("**Axcelasia Global**") and partially offset by disposal of furniture and office equipment by Axcelasia Global in FY2019.

Goodwill of RM2.1 million arose from the acquisition of Audex Governance Sdn Bhd ("**Audex**").

Current liabilities

Other payables decreased by RM2.1 million mainly due to the refund of bank balances (restricted in use) of RM1.5 million relating to a client account under the Group's business support segment and decrease in accrual due to lesser accruals provided for direct expenses, and partially offset by the increase in borrowings after the adoption of SFRS (I) 16 Leases on 1 January 2019. There were no trade payables as at 31 December 2019.

Non-current liabilities

Borrowings increased by RM0.6 million mainly due to increase in lease liabilities after the adoption of newly effective financial reporting standard - SFRS(I) 16 Leases on 1 January 2019 which resulted in addition in leasehold buildings under property, plant and equipment.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash generated from operating activities in FY2019 was RM3.0 million, which comprised cash generated from operating activities before working capital changes of RM4.9 million, working

capital outflow of RM1.3 million and income tax paid of RM0.5 million. Working capital outflow was mainly due to increase in trade and other receivables of RM0.7 million and decrease in trade and other payables of RM0.6 million.

Net cash generated from investing activities in FY2019 was RM0.4 million, mainly due to of bank interest received of RM0.6 million, and partially offset by additions to property, plant and equipment of RM0.3 million.

Net cash used in financing activities in FY2019 was RM1.4 million, mainly due to principal and interest payment of lease liability, dividend paid to equity holders of the Company, and partially offset by proceeds from issuance of ordinary shares of Axcelasia HR Consulting Sdn Bhd ("**Axcelasia HR**") and Axcelasia Singapore Pte Ltd ("**Axcelasia Singapore**").

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 11 February 2020, the Company entered into a share sale and purchase agreement ("**SPA**") with Tricor Axcel Limited ("**Purchaser**"), pursuant to which the Company agrees to sell and the Purchaser agrees to acquire, 350,000 issued ordinary shares in the capital of Axcelasia Taxand Sdn Bhd ("**AT**"), comprising 100% of the issued ordinary shares in the capital of the AT (on the terms and subject to the conditions of the SPA) ("**Proposed Divestment**").

Upon completion of the Proposed Divestment, AT and its subsidiaries will cease to be subsidiaries of the Company. The Board will continue to explore and identify other business opportunities following the divestment of AT. The Board may also consider distributing the proceeds from the Proposed Divestment to Shareholders by way of dividend after assessing the cash flow needs of the Company, taking into account the proposed future plans for the Company. No decision on the amount and timing of distribution has been decided upon and Shareholders will be informed in due course once a definitive decision has been made.

For further details, please refer to the announcement dated 11 February 2020.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

Yes, a final dividend for the financial year ended 31 December 2019 has been recommended by the Board.

(b)(i) Amount per share (cents)

Name of Dividend (First and Final)	Final
Dividend Type	Cash
Dividend Amount per Share	0.023 Singapore dollar
Tax Rate	Single tier tax exempt

The Company had also declared an interim cash dividend (single-tier tax exempt) of S\$0.002 per ordinary share, which was paid on 7 October 2019.

(b)(ii) Previous corresponding period (cents)

None. The increase in dividend as compared to the last financial year is mainly due to increase in dividends from its subsidiary Axcelasia Taxand to the Company.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The proposed final dividend is tax-exempt.

(d) The date the dividend is payable.

To be announced at a later date.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

To be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions. There was no IPT of S\$100,000 and above entered into during FY2019.

14. Use of IPO proceeds

The Company refers to the net proceeds amounting to S\$7.58 million (excluding listing expenses of approximately S\$1.3 million) raised from the IPO on the Catalist Board of SGX-ST on 27 November 2015) and the Company's announcement dated 23 February 2017 on the re-allocation of IPO net proceeds.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

<u>Use of IPO net proceeds</u>	<u>Amount allocated in the Offer Document (S\$'000)</u>	<u>Amount reallocated on 22 February 2017 (S\$'000)</u>	<u>Amount utilised as at 24 February 2020 (S\$'000)</u>	<u>Amount unutilised as at 24 February 2020 (S\$'000)</u>
Expand business operations in Malaysia and the ASEAN region and enhance range of professional services	6,000	4,000	(1,843)	2,157
Enhance the Group's office and support infrastructure	500	500	(118)	382
Working capital	1,080	3,080	(3,080) ⁽¹⁾	-
Listing expenses to be borne by the Company	1,300	1,300	(1,300)	-
Total	8,880	8,880	(6,341)	2,539

Note:

(1) The amount of working capital was used for payment of salaries and office expenses.

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's offer document dated 18 November 2015 and the Re-allocation Announcement.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format

16. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

On 10 October 2019, Axcelasia Singapore has increased its issued and paid up capital from S\$500,000 to S\$580,000 ("Capital Increase") through the issue and allotment of:

- (i) 975,000 ordinary shares of S\$0.08 each to the Company; and
- (ii) 25,000 ordinary shares of S\$0.08 each to the existing 25% shareholder of Axcelasia Singapore, namely James Cheemee Wong, who is an independent third party.

The Company's portion of capital contribution to Axcelasia Singapore of S\$78,000 is funded via cash through internal resources. The rationale of the Capital Increase is to provide working capital to Axcelasia Singapore for the expansion of its business operation. The unaudited net assets of Axcelasia Singapore as at 30 June 2019 was S\$35,000 and the net assets per share was the main factor used in arriving at the consideration.

Following the Capital Increase, the Company's interest in Axcelasia Singapore has increased from 75% to 90%.

Please refer to the announcement dated 10 October 2019 for further details.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Corporate Office RM’000	Tax Advisory RM’000	Business Consultancy RM’000	EMS Application RM’000	Business Support RM’000	Total RM’000
31 December 2019						
Revenue						
Sales to external parties	-	9,217	10,544	1,099	4,946	25,806
Results						
Segment results	(2,588)	2,651	2,424	300	968	3,755
Interest income	357	160	20	-	83	620
(Loss)/Profit before income tax	(2,231)	2,811	2,444	300	1,051	4,375
Income tax expense	-	(641)	(643)	(96)	(276)	(1,656)
(Loss)/Profit for the year	(2,231)	2,170	1,801	204	775	2,719
Segment assets	14,213	9,939	7,415	1,491	6,014	39,072
Segment assets includes: Additions of: Property, plant and equipment	5	44	130	5	106	290
Segment liabilities	461	1,937	1,455	210	1,580	5,643

	Corporate Office RM’000	Tax Advisory RM’000	Business Consultancy RM’000	EMS Application RM’000	Business Support RM’000	Total RM’000
31 December 2018						
Revenue						
Sales to external parties	-	8,604	9,716	869	6,008	25,197
Results						
Segment results	(2,709)	2,119	507	198	1,695	1,810

Interest income	373	120	27	-	62	582
(Loss)/Profit before income tax	(2,336)	2,239	534	198	1,757	2,392
Income tax expense	-	(533)	(259)	(75)	(72)	(939)
(Loss)/Profit for the year	(2,336)	1,706	275	123	1,685	1,453
Segment assets	13,828	8,432	5,906	1,357	8,059	37,582
Segment assets includes:						
Additions of:						
Property, plant and equipment	2	32	61	26	179	300
Segment liabilities	370	960	929	296	3,429	5,984

18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Most segments achieved higher revenue and earnings as compared to FY 2018, except for the Business Support segment.

The higher revenue and earnings for all other business segments other than business support section was mainly due to an increase in the number of engagements secured for the financial year.

There was a decline in the business support segment mainly due to a one off project that was secured in FY 2018. The project was completed at the end of FY 2018.

19. A breakdown of sales as follows:

	Group		
	FY2019 (Unaudited) RM'000	FY2018 (Audited) RM'000	Increase / (Decrease) %
(a) Sales reported for first half year	11,819	11,648	1.47
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	275	185	48.65
(c) Sales reported for second half year	13,987	13,549	3.23
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	2,444	1,268	92.74

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Dividends declared and paid to the Company's shareholders		For the year ended 31 st December	Actual payment date	FY2019 (RM)	FY2018 (RM)
Interim Dividend	Single tier tax exempt	2019	7 October 2019	986,838 ⁽¹⁾	-
				Proposed dividend to the Company's shareholders but not recognised as a liability as at	
				31/12/2019 (RM)	31/12/2018 (RM)
Final Dividend				11,061,411 ⁽²⁾	-

(1) Based on exchange rate of S\$1:RM3.0779

(2) Based on exchange rate of S\$1:RM3

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Datin Chai Seow Lin	63	Spouse of Dato' Peter Tang (Deputy Executive Chairman and Executive Director).	Managing director of Axcelasia Corporate Services and Axcelasia Global Business Services since June 1996 and August 2011, respectively. Duties: She leads the business support services consisting of corporate secretarial, accounting outsourcing and admin support services.	No changes.

Save for the above, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

BY ORDER OF THE BOARD

Ranjit Singh A/L Taram Singh
Group Chief Executive Officer and Executive Director
24 February 2020

*This announcement has been prepared by Axcelasia Inc. (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

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