

# Axcelasia

ACCELERATING SUCCESS

## ACCELERATING SUCCESS

2019  
ANNUAL  
REPORT



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This annual report has been prepared by Axcelasia Inc. (LL12218) (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 (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Mr. Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



## 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 operations are led by Mr. Ranjit Singh, Group Chief Executive Officer and Executive Director, and Dato’ Tang Swee Guan, Deputy Executive Chairman and 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.

# 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 2019 (“FY2019”).

It has been a very productive year for the entire team as we continued to forge ahead to enhance value for shareholders. Towards this end, much effort has been channelled towards fortifying and strengthening of our core competencies. This, in turn, is instrumental in further sharpening our competitive edge towards striving to effectively serve our clients with innovative and value adding solutions.

Our efforts have indeed yielded positive results, as evidenced by an increase of 87% in the net profit after tax for FY2019. This was achieved by the continued push for consultancy work as well as with certain cost optimisation initiatives. As such, we had announced for the first time an interim dividend of RM1 million and we propose to reward and accord our appreciation to our shareholders through a final dividend to be proposed at our Annual General Meeting soon.

Our strategy to elevate our core competencies and move up the value chain was further enhanced and fortified with the latest turn of events. On behalf of the Board, I would like to announce that Axcelasia Inc, had on 11 February 2020, entered into a share Sale and Purchase agreement with Tricor Axcel Limited (“Tricor”). The proposed divestment was approved by the Shareholders at the Extraordinary General Meeting (“EGM”) on 12 March 2020.

The Board is of the view that the proposed divestment was in the best interests of the Company and its Shareholders, consistent with the strategy of enhancing and maximising the shareholders’ value. This was arrived at after detailed and comprehensive considerations accorded to the relevant factors which included the purchase price, valuation and the current market capitalisation of the Company, all of which collectively serve to unlock the intrinsic and inherent shareholders’ value.

## CHAIRMAN'S MESSAGE



The Board may also consider distributing the proceeds from the proposed divestment to Shareholders after assessing the cash flow needs of the Company and taking into account the proposed future plans for the Company. Towards this end, the Board wishes to emphasise that no decision on the quantum and timing of distribution has been made and shareholders will be informed in due course once a definitive decision has been made.

In FY2019, our revenue increased to RM25.8 million from RM25.2 million in the last financial year. Total expenses declined from RM23.5 million in FY2018 to RM22.2 million in FY2019. In tandem with this encouraging financial performance, the Group posted a net profit attributable to shareholders of RM2.7 million in FY2019 compared to RM1.6 million in the previous year. The Group's ability to maintain consistent and continued profitability in FY2019 is a testament to the effective strategies implemented by the Group since FY2018.

The encouraging financial performance in turn translates into improved value to shareholders' investments in the Company. This is evidenced by the net profit per share

which stood at RM1.71 cents in FY2019 as compared to RM1.00 cents in FY2018. Net asset value per share was RM20.85 cents as at 31 December 2019 compared to RM19.71 cents as at 31 December 2018. Cash and cash equivalents remain healthy at RM23.9 million as at 31 December 2019 compared to RM23.3 million as at 31 December 2018.

I would like to extend my heartfelt 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
- Corporate Liability Advisory
- Governance | Integrated Reporting | Sustainability Reporting

## 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

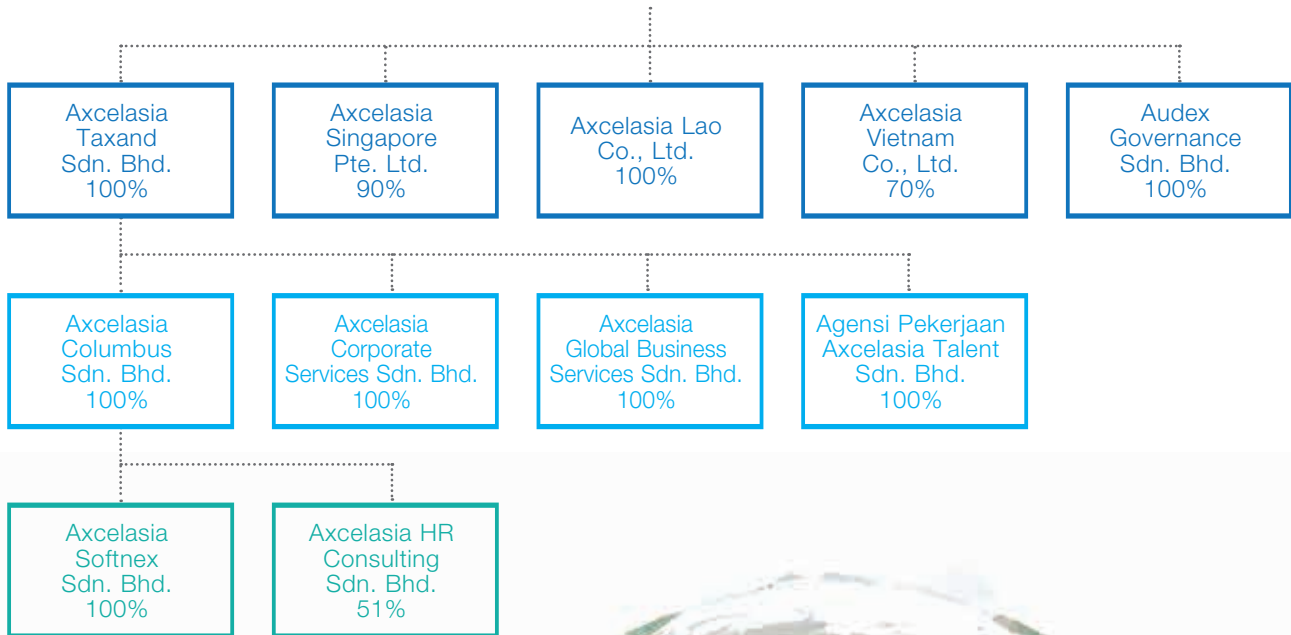
- Accounting Services
- Corporate Finance Services
- Corporate Secretarial Services
- Corporate Advisory Services
- Administration & Office Support Services



# GROUP STRUCTURE

## Axcelasia Axcelasia Inc.

(No. LL12218) Incorporated in Labuan



# RECENT ACTIVITIES

## SEMINARS



## ANNUAL DINNER



## TEAM BUILDING





# FINANCIAL HIGHLIGHTS



	FY2018	FY2019
<b>INCOME STATEMENT (RM million)</b>		
Revenue	25.2	<b>25.8</b>
Profit Before Tax	2.4	<b>4.4</b>
Profit After Tax	1.5	<b>2.7</b>
<b>BALANCE SHEET (RM million)</b>		
	31 December 2018	<b>31 December 2019</b>
Total Assets	37.6	<b>39.0</b>
Total Liabilities	6.0	<b>5.6</b>
Total Shareholders' Equity	31.6	<b>33.4</b>
<b>KEY FINANCIAL RATIOS (RM cents)</b>		
Profit Per Share	1.00	<b>1.71</b>
Net Asset Value Per Share	19.71 as at 31 December 2018	<b>20.85 as at 31 December 2019</b>

# FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

## FINANCIAL HIGHLIGHTS

The Group's revenue for FY2019 increased by 2.4% to RM25.8 million from RM25.2 million for FY2018 largely due to the better performance in the tax advisory and business consultancy services divisions.

Total expenses decreased by 5.7% to RM22.2 million in FY2019 from RM23.5 million in FY2018. The decrease in total expenses were marginal as compared to FY2018.

As a result of the above, the Group recorded a net profit attributable to shareholders of RM2.7 million in FY2019 compared to RM1.6 million in the previous year.

## BALANCE SHEET

Current assets increased to RM35.1 million for FY2019 from RM34.4 million for FY2018, mainly attributable to the increase in trade receivables, which is in line with the increase in revenue for FY2019.

Non-current assets increased to RM4.0 million for FY2019 from RM3.2 million for FY2018, mainly due to the adoption of newly effective financial reporting standard – SFRS(I) 16 Leases.

Current liabilities decreased to RM5.1 million from RM6.0 million for FY2018, largely due to the decrease in other payables. There were no trade payable for FY2019.

## CASH FLOW

Net cash provided by operating activities for FY2019 was RM3.2 million, which comprised cash generated from operating activities before working capital changes of RM4.9 million, working capital outflow of RM1.2 million and income tax paid of RM0.5 million.

Net cash generated from investing activities in FY2019 was RM0.4 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 used in financing activities in FY2019 was RM1.5 million, mainly due to payment of dividends to equity holders of the Company amounting to RM1.0 million and principal payment of lease liability amounting to RM0.5 million in FY2019.

As a result, cash and cash equivalents increased to RM23.9 million in FY2019 from RM21.8 million in FY2018.



## 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 22 April 2019.

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 President in May 2019. 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 Oversight Committee as well as the Education 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. 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 is currently an Adjunct Professor at the Business School, Monash University, Malaysia. He holds a Bachelor of Accounting (First Class Honours) from the University of Malaya, and a Doctor of Philosophy from University Putra Malaysia.

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

# BOARD OF DIRECTORS



**DATO' TANG SWEE GUAN** Deputy Executive Chairman and Executive Director

Dato' Tang Swee Guan was appointed to the Board as Executive Director on 21 August 2015 and re-elected on 24 April 2017. He was designated as Deputy Executive Chairman and Executive Director on 1 July 2019. 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** Group Chief Executive Officer and Executive Director

Mr. Ranjit Singh was appointed to the Board as Executive Director on 21 August 2015 and re-elected on 24 April 2017. He was designated as Group Chief Executive Officer on 1 July 2019. He has over 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 2013/2014. He is currently a member of the Board of Directors of Global IIA. Mr. Singh was a member of the Audit Committee of Global IIA for the term 2017 to 2019, a member of the IIA's International Internal Audit Standards Board for the term 2016 to 2019 and 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 22 April 2019.

She is the Managing Director and founder of Altum Law Corporation, a corporate law firm in Singapore that focuses on capital markets, mergers and acquisitions, regulatory compliance and corporate matters, private equity and Fintech. She started her career in corporate law practice at Drew & Napier in 1991. She moved on to join a prominent local litigation firm in 1999 to build their corporate finance practice, and was heading the corporate practice group there before her departure in 2005. Prior to setting up Altum Law in 2014, she was a corporate partner at Lee & Lee for

10 years. She was admitted to the Singapore Bar in 1991 and is a solicitor of England and Wales and an attorney-at-law of New York. She holds a Bachelor of Laws from the National University of Singapore and a Masters of Business Administration from the University of Hull.

# MANAGEMENT TEAM

## MR. SIVARUBAN KANDASAMY

Mr. 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.

Mr. 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. Mr. Sivaruban has also significant experience in managing several Initial Public Offering 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 include United States of America, United Kingdom, Singapore, Indonesia, Bangladesh, UAE, India and Turkey.

Mr. 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.

## 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

## 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. Sylvia has more than 17 years of experience in human resource, including human resource advisory, human capital training and development and business support. Ms. 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 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** (Deputy Executive Chairman & Executive Director)

**RANJIT SINGH A/L TARAM SINGH** (Group Chief Executive Officer & Executive Director)

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

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

**LEE PIH PENG** (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

**UOB KAY HIAN PRIVATE LIMITED**

8 Anthony Road

#01-01

Singapore 229957

## AUDITORS

**NEXIA TS PUBLIC ACCOUNTING CORPORATION**

80 Robinson Road

#25-00

Singapore 068898

Director in Charge: **LOH HUI NEE**

(A member of the Institute of Singapore Chartered Accountants)

(Appointed since financial year ended 31 December 2019)

## PRINCIPAL BANKERS

**MAYBANK SINGAPORE LIMITED**

Maybank Tower

2 Battery Road

#15-01

Singapore 049907

**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 REPORT

## DISCLOSURE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

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

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2019 (“FY2019”), with specific reference made to the principles of the Code of Corporate Governance 2018 (the “Code”).

For FY2019, the Company has complied with the principles of the Code and provisions as set out in the Code and the practice guidance, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the provisions of the Code.

### 1. BOARD MATTERS

#### a. The Board’s Conduct of Affairs

***Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

The Board has six (6) members and comprises the following:

<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	Deputy Executive Chairman and Executive Director	21 August 2015
Mr. Ranjit Singh a/l Taram Singh	Group Chief Executive Officer and Executive Director	21 August 2015
Mr. Tan See Yin	Lead Independent Director	21 October 2015
Datin Isharidah Binti Ishak	Independent Director	21 October 2015
Ms. Lee Pih Peng	Independent Director	21 October 2015

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:

- To chart broad policies and strategies of the Group;
- To approve annual budgets and financial plans;

# CORPORATE GOVERNANCE REPORT

- To review and approve any corporate merger, acquisitions and disposals (divestments);
- To approve material borrowings and fund-raising exercises;
- To review performance and succession planning of the key management personnel;
- To review and approve the risk management framework of the Group;
- To review the business continuity plan of the Group; and
- To monitor and manage potential conflicts of interest between the key management personnel, the Board and the shareholders.

The Board puts in place a code of conduct and ethics and engage with employees of all levels to ensure strong tone-from-the-top and proper accountability within the Group.

**Conflict of Interest:** Every Director is required to declare any conflict of interest in any discussions, transactions or proposed transactions with the Company as soon as practicable after all relevant facts have come to his or her knowledge. Directors facing conflicts of interest recuse themselves from discussions involving the issues of conflict. Annually, each Director is required to submit details of his or her associates for the purpose of monitoring interested person transactions.

**Induction, training and development:** 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. There was no new appointment of Directors in FY2019.

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:

<b>Table 1.2 – Composition of the Board Committees</b>			
<b>Designation</b>	<b>AC<sup>1</sup></b>	<b>NC<sup>2</sup></b>	<b>RC<sup>3</sup></b>
Chairman	Tan See Yin	Datin Isharidah Binti Ishak	Lee Pih Peng
Member	Datin Isharidah Binti Ishak	Tan See Yin	Tan See Yin
Member	Lee Pih Peng	Lee Pih Peng	Datin Isharidah Binti Ishak

**Notes:**

- (1) The AC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the AC are Non-Executive Directors.
- (2) The NC comprises 3 members, all of whom, including the Chairman, is independent. The Lead Independent Director is a member of the NC.
- (3) The RC comprises 3 members, all of whom, including the Chairman, is independent. All the members of the RC are Non-Executive Directors.

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The Company held its Board meetings on 25 February 2019, 24 June 2019, 8 August 2019 and 14 November 2019, the AC meetings on 25 February 2019, 8 August 2019 and 14 November 2019. The NC meetings were held on 25 February 2019, 14 June 2019 and 24 June 2019, and the RC meeting was held on 25 February 2019.

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 FY2019 and the attendance of each Board member are shown below:

<b>Table 1.3 – Board and Board Committee Meetings in FY2019</b>				
	<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>
Number of Meetings Held	4	3	3	1
<b>Name of Director</b>	<b>Number of Meetings Attended</b>			
Dr. Veerinderjeet Singh a/l Tejwant Singh	4	3*	2*	1*
Dato' Tang Swee Guan	4	3*	2*	1*
Mr. Ranjit Singh a/l Taram Singh	4	3*	2*	1*
Mr. Tan See Yin	4	3	3	1
Datin Isharidah Binti Ishak	4	3	3	1
Ms. Lee Pih Peng	4	3	3	1

\* By invitation

Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Company and the Group. The Company's Articles of Association (the "Articles") allow for meetings to be held through telephone and/or video-conference.

To ensure Directors are able to fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continuous 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.

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The table below shows the trainings attended by selected Directors in FY2019:

<b>Table 1.4 – Directors’ Trainings</b>		
<b>Name of Director</b>	<b>Course</b>	<b>Training Provider</b>
Dr. Veerinderjeet Singh a/l Tejwant Singh	S&C – SID Directors Conference 2019	Singapore Institute of Directors

In addition, briefings, updates and trainings for the Directors in FY2019 include:

- Transition to MPSAS: Revenue for Government Sector & Entities organised by Malaysian Institute of Accountants
- Special Voluntary Disclosure Programme organised by Chartered Tax Institute of Malaysia
- National Tax Conference 2019 organised by Chartered Tax Institute of Malaysia
- Seminar Percukaian Kebangsaan 2019 organised by Lembaga Hasil Dalam Negeri Malaysia
- 2019 IIA International Conference organised by The Global Institute of Internal Auditors
- 2019 IIA National Conference organised by The Institute of Internal Auditors, Malaysia
- ICDM International Directors Summit 2019 organised by Institute of Corporate Directors Malaysia
- Cyber Security in The Boardroom – Acceleration From Acceptance To Action organised by Bursa Malaysia Berhad
- SC AOB Conversation with Audit Committee organised by Securities Commission

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.

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.

# CORPORATE GOVERNANCE REPORT

Specifically, matters and transactions that require the Board's approval include, amongst others, the following:

- Business plans;
- Material acquisitions, divestments and equity ventures;
- Dividend policy;
- Financial results announcements, annual report and audited financial statements;
- Discretionary Authority Limits;
- Key policies (Whistleblowing policy, Business Continuity Management policy, Investment policy and Information Technology policy);
- Enterprise Risk Management Framework; and
- Material capital expenditures, acquisitions and disposals.

Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by key management personnel to Directors are set out in the table below:

<b>Table 1.5 – Types of Information Provided by Key Management Personnel to Directors</b>		
<b>No.</b>	<b>Information</b>	<b>Frequency</b>
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

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.

# CORPORATE GOVERNANCE REPORT

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:

- 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;
- Assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long term shareholders value;
- Assist the Chairman to ensure good information flows within the Board and its Board committees and key management personnel;
- Facilitating orientation and assisting with professional development as required;
- Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;
- Attend and prepare minutes for all Board meetings;
- 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
- 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.

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.

## **b. Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

The Board comprises six Directors of which three (50%) are Independent Directors.

The Board has a Lead Independent Director, Mr. Tan See Yin, who 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. Half of the Board is made up of Independent Directors, including independence from the substantial shareholders of the Company, and the Board views that it is capable of exercising independent and objective judgment on corporate affairs of the Group. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board's decision making.

# CORPORATE GOVERNANCE REPORT

The Board notes Provision 2.2 of the Code requiring that Independent directors make up a majority of the Board where the Chairman is not independent.

The Board is of the view that based on the current level of operations in the Group, the current structure and composition gives an appropriate level of independence and diversity of thought to enable it to make decisions in the best interests of the Company.

The Board considers 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 24 February 2020.

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. The Chairman of the meeting provides feedback to the Board and/or Chairman as appropriate.

For FY2019, the Non-Executive Directors and Independent Directors had met in the absence of key management personnel as required.

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. The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company as follows:

<b>Table 2.1 – Balance and Diversity of the Board</b>		
<b>Matters of Concern</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%

Details of the Directors' academic and professional qualifications and other appointments are set out on pages 09 to 11 of the Annual Report.



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The Board has taken the following steps to maintain or enhance its balance and diversity:

- 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
- 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.

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.

## c. Chairman and Chief Executive Officer

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

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.

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 also takes a leading role in the Company's efforts to achieve and maintain a high standard of corporate governance.

The Chairman and the CEO are not related to each other.

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.

## d. Board Membership

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

The NC is guided by its key terms of reference as follows:

- To establish criteria for appointment of new Directors to the Board;
- To review and recommend the re-appointment of Directors having regard to the Director's contribution and performance;
- To determine on an annual basis whether a Director is independent;
- To develop a process for evaluation of the performance of the Board, its Board Committees and Directors;

# CORPORATE GOVERNANCE REPORT

- To review and recommend to the Board the succession plans for the Chairman, Executive Directors and Key Management personnel; and
- To review and recommend to the Board the training and professional development programmes for the Board.

The composition of the Board is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively has the necessary core competencies for effective operation and informed decision making. The NC considers appropriate mix of diversity of skills, experience, gender and knowledge with competencies in areas such as accounting and finance, legal, business and management, industry knowledge, strategic planning, operation and customer relationship. These competencies enable management to learn and benefit from external and expert perspectives of the Directors pertinent to the direction and growth of the Group.

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, considering the need for progressive outlook of the Company. There are no Independent Directors who have served beyond nine years since the date of their first appointment.

The Board has set the maximum number of listed company's board representations as five. Having assessed the capacity of the Directors based on factors disclosed 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.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
- Geographical location of Directors;
- Size and composition of the Board;
- Nature and scope of the Group's operations and size; and
- Capacity, complexity and expectations of the other listed directorships and principle commitments held.

The NC reviewed the time spent and attention given by each of the Director 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 FY2019.

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Since the Company's listing on the Catalist of the SGX-ST in November 2015, there had been no appointment of any new Directors. The process for selection, appointment and re-appointment of Directors to the Board including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates are as follows:

**Table 4.1 – Process for the Selection and Appointment of New Directors**

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 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; and</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. The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</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; and</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>

**Table 4.2 – Process for the Re-electing Incumbent Directors**

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	<ul style="list-style-type: none"> <li>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.</li> </ul>

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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.

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:

<b>Table 4.3 – Directors to be Retired Pursuant to the Articles</b>		
<b>Name of Director</b>	<b>Designation</b>	<b>Articles</b>
Dato' Tang Swee Guan	Deputy Executive Chairman and Executive Director	97
Mr. Ranjit Singh a/l Taram Singh	Group Chief Executive Officer and Executive Director	97

The requirements under 720(5) of the Catalist Rules are stipulated in the table below:

<b>NAME OF DIRECTOR</b>	<b>DATO' TANG SWEE GUAN</b>	<b>MR. RANJIT SINGH A/L TARAM SINGH</b>
Date of initial appointment	21 August 2015	21 August 2015
Date of last re-appointment	24 April 2017	24 April 2017
Age	66	52
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Dato' Tang Swee Guan as Deputy Executive Chairman and Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato' Tang Swee Guan's qualifications, expertise, past experiences and overall contribution.	The re-election of Mr. Ranjit Singh a/l Taram Singh as Group Chief Executive Officer and Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Ranjit Singh's qualifications, expertise, past experiences and overall contribution.

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NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
Whether appointment is executive, and if so, the area of responsibility	Executive  To supervise and oversee the tax advisory services and business support services provided by the Group as well as the finance function of the Group. In addition, he will chair Board Meetings in the absence of the Non-Executive Chairman and attend to such matters or tasks as the Group CEO may from time to time delegate.	Executive  To oversee and manage the business of Axcelasia Inc. and its subsidiaries and lead the management in setting strategies, objectives and mission for the day-to-day operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Deputy Executive Chairman and Executive Director	Group Chief Executive Officer and Executive Director
Professional qualifications	<ol style="list-style-type: none"> <li>1. MBA from University of Bradford, UK</li> <li>2. CA (M)</li> <li>3. FCCA (UK)</li> <li>4. CPA (M)</li> <li>5. FCPA (Aust)</li> <li>6. CTA (UK)</li> <li>7. CTIM (M)</li> </ol>	<ol style="list-style-type: none"> <li>1. MBA from Heriot-Watt University, UK</li> <li>2. Certified Public Accountant of the Malaysian Institute of Certified Public Accountant</li> <li>3. Certified Practising Accountant at CPA Australia</li> <li>4. Certified Internal Auditor of The Institute of Internal Auditors Inc. USA</li> <li>5. Chartered Member of the Institute of Internal Auditors Malaysia.</li> </ol>
Working experience and occupation(s) during the past 10 years	<ol style="list-style-type: none"> <li>(i) 1 July 2019 to date: Deputy Executive Chairman, Axcelasia Inc.</li> <li>(ii) 1 January 2018 to 30 June 2019: Chief Executive Officer, Axcelasia Inc.</li> <li>(iii) 21 August 2015 to date: Executive Director, Axcelasia Inc.</li> <li>(iv) September 2006 to date: Executive Director, Axcelasia Taxand Sdn. Bhd..</li> <li>(v) January 1992 to date: Managing Partner, Peter Tang &amp; Associates</li> </ol>	<ol style="list-style-type: none"> <li>(i) 1 July 2019 to date: Group Chief Executive Officer, Axcelasia Inc.</li> <li>(ii) 21 August 2015 to date: Executive Director, Axcelasia Inc. &amp; Axcelasia Columbus Sdn. Bhd..</li> <li>(iii) April 2006 to August 2015: Managing Director, Axcelasia Columbus Sdn. Bhd..</li> </ol>

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
Shareholding interest in the listed issuer and its subsidiaries	41,296,700 shares (including direct and indirect interests) representing 25.76% of the total issued shares of Axcelasia Inc.	41,118,960 shares representing 25.65% of the total issued shares of Axcelasia Inc.
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	Dato' Tang Swee Guan is the spouse of Datin Chai Seow Lin, Managing Director of Axcelasia Corporate Services Sdn. Bhd. and Axcelasia Global Business Sdn. Bhd..	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other Principal Commitments* Including Directorships</b>		
<p>* The term "<b>principal commitments</b>" 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.</p>		
Past (for the last 5 years)	1. Andersen Tax Sdn. Bhd. 2. CFIT Consulting Sdn. Bhd. 3. Taxand GST Sdn. Bhd.	Nil

# CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
Present	<ol style="list-style-type: none"> <li>1. Axcelasia Talent Sdn. Bhd.</li> <li>2. Axcelasia Global Business Services Sdn. Bhd.</li> <li>3. Axcelasia Corporate Services Sdn. Bhd.</li> <li>4. Axcelasia Taxand Sdn. Bhd.</li> <li>5. Audex Governance Sdn. Bhd.</li> <li>6. Axcelasia Vietnam Co. Ltd</li> <li>7. Axcelasia Laos Co. Ltd</li> <li>8. Axcelasia Singapore Pte Ltd</li> <li>9. Aman Unik Sdn. Bhd.</li> <li>10. Kailee Sdn. Bhd.</li> <li>11. Peter Tang &amp; Associates</li> </ol>	<ol style="list-style-type: none"> <li>1. Axcelasia Columbus Sdn. Bhd.</li> <li>2. Axcelasia Softnex Sdn. Bhd.</li> <li>3. Axcelasia HR Consulting Sdn. Bhd.</li> <li>4. Axcelasia Singapore Pte Ltd</li> <li>5. Axcelasia Vietnam Co. Ltd.</li> <li>6. Axcelasia Laos Co. Ltd.</li> <li>7. Audex Governance Sdn. Bhd.</li> <li>8. Institute of Internal Auditors Malaysia: non-for-profit</li> <li>9. The Institute of Internal Auditors Inc. USA: non-for-profit</li> <li>10. Rainmaker Consulting Sdn. Bhd.*</li> <li>11. Noble Entity (M) Sdn. Bhd.*</li> <li>12. Rainmaker Realty Sdn. Bhd.*</li> <li>13. RS Josan Group Sdn. Bhd.*</li> <li>14. Ranjit &amp; Co: Dormant and to maintain audit licence</li> </ol> <p>(* Property investment company for collection of rental only.)</p>
<p><b>Information required pursuant to Catalyst Rule 704(6)</b> If the answer to any question is "yes", full details must be given.</p>		
(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 REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
(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 REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
(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 REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
(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
(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

## CORPORATE GOVERNANCE REPORT

NAME OF DIRECTOR	DATO' TANG SWEE GUAN	MR. RANJIT SINGH A/L TARAM SINGH
(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
(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?	No	No

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 09 to 11 of this annual report.

# CORPORATE GOVERNANCE REPORT

## e. Board Performance

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

The Board's performance is linked to the overall performance of the Group. 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.

<b>Table 5.1 – Board Evaluation Criteria</b>		
<b>Performance Criteria</b>	<b>Board and Board Committees</b>	<b>Individual Directors</b>
Qualitative	<ul style="list-style-type: none"> <li>• Size and composition</li> <li>• Access to information</li> <li>• Board processes</li> <li>• Inputs to strategic planning</li> <li>• Board accountability</li> <li>• Risk management</li> <li>• Succession planning</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment of time</li> <li>• Knowledge and abilities</li> <li>• Teamwork</li> <li>• Independence (if applicable)</li> <li>• Overall effectiveness</li> <li>• Engagement with Management</li> </ul>
Quantitative	None	Attendance at Board and Board Committee meetings

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.

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.

For FY2019, the review process was as follows:

- 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;
- The Company Secretary collated and submitted the questionnaire results to the NC Chairperson in the form of a report; and
- The NC discussed the report and concluded the performance results during the NC meeting.

# CORPORATE GOVERNANCE REPORT

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. No external facilitator was used in the evaluation process as the Company has a robust internal process to evaluate Directors.

The Board has on a whole and the Board Committees had met its performance objectives for FY2019.

## 2. REMUNERATION MATTERS

### a. Procedures for Developing Remuneration Policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

The Board has established a Remuneration Committee ("RC"). The RC is guided by key terms of reference as follows:

- Review and recommend to the Board the remuneration framework for each Director and key management personnel of the Company;
- 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, termination terms 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;
- 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
- Review and make recommendations to the Board for the remuneration report for inclusion in the annual report.

No remuneration consultants were engaged by the Company in FY2019 and 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.

The Company's remuneration policy covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives, awards, retirement and termination terms, to ensure that they are fair, 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.

The Company has entered into separate service agreements with the Executive Directors and key management personnel. No Directors is involved in deciding his or her own remuneration.

# CORPORATE GOVERNANCE REPORT

## b. Level and Mix of Remuneration

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

The Company considers the compensation and benefits conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is conceived to better align the interests of the Executive Directors and key management personnel with those of stakeholders and link rewards to corporate and individual performance. The Company also considers that the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The remuneration for non-executive directors considers the performance of the Group and is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

The following performance conditions were selected 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:

<b>Table 7.1 – Performance Assessment Criteria For Executive Directors And Key Management Personnel</b>		
<b>Performance Conditions</b>	<b>Short-term Incentives</b>	<b>Long-term Incentives</b>
Qualitative	<ul 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> </ul>	The performance conditions in relation to the long-term incentive plans (i.e. Axcelasia Employee Share Option Scheme and Axcelasia Performance Share Plan) has yet to be introduced.
Quantitative	<ul style="list-style-type: none"> <li>• Revenue growth</li> <li>• Client based growth</li> </ul>	

The RC reviewed the performance of the Board and key management personnel based on its performance conditions in FY2019.

The performance condition set by the RC in respect of the Group achieving a minimum profit before tax of RM5.0 million for FY2019 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 REPORT

## c. Disclosure of Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

The breakdown for the remuneration of the Directors in FY2019 was as follows:

<b>Table 8.1 – Directors’ Remuneration</b>					
<b>Name</b>	<b>Salary (%)</b>	<b>Bonus (%)</b>	<b>Directors’ Fees (%)</b>	<b>Benefits-in-kind (%)</b>	<b>Total (%)</b>
<b>Below S\$250,000</b>					
Dr. Veerinderjit Singh a/l Tejwant Singh	0	0	100	0	100
Dato’ Tang Swee Guan	100	0	0	0	100
Mr. Ranjit Singh a/l Taram Singh	100	0	0	0	100
Mr. Tan See Yin	0	0	100	0	100
Datin Ishadirah Binti Ishak	0	0	100	0	100
Ms. Lee Pih Peng	0	0	100	0	100

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2019.

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.

# CORPORATE GOVERNANCE REPORT

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2019 was as follows:

<b>Table 8.2 – Remuneration of Key Management Personnel</b>					
<b>Name</b>	<b>Salary (%)</b>	<b>Bonus (%)</b>	<b>Directors' Fees (%)</b>	<b>Benefits-in-kind (%)</b>	<b>Total (%)</b>
<b>Below S\$250,000</b>					
Mr. Sivaruban@Ruban a/l Kandasamy	86	14	0	0	100
Ms. Leow Mui Lee	71	29	0	0	100
Mr. Lee Siew Weng	100	0	0	0	100
Mr. Kenny Harris Wong <sup>(1)</sup>	100	0	0	0	100
Datin Chai Seow Lin <sup>(2)</sup>	86	14	0	0	100

**Notes:**

(1) Resigned on 31 December 2019.

(2) Spouse of Dato' Tang Swee Guan, Deputy Executive Chairman and Executive Director.

The total remuneration paid to the top 5 key management personnel in FY2019 was S\$589,754. Datin Chai Seow Lin is the spouse of Dato' Tang Swee Guan, the Deputy Executive Chairman and Executive Director. The remuneration of Datin Chai in FY2019 was in bands of S\$100,000 to S\$150,000.

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\$100,000 in FY2019.

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 FY2019.

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 FY2019. 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.



# CORPORATE GOVERNANCE REPORT

## 3. ACCOUNTABILITY AND AUDIT

### a. Risk Management and Internal Controls

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders***

The Board notes that as announced in 2 April 2019 that the Company had conducted its first and one-time share purchase in 2019 which resulted in breaches of Catalist Rules. The Board had reviewed the Company's share buyback procedures and has since implemented procedures accordingly to rectify the control weaknesses leading to the breach. With the aforesaid rectification, the Board with the concurrence of the AC, 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 FY2019. The Board has considered the nature and appropriateness to establish Board Risk Committee and decided the Risk Committee is not required as all matters related to significant risks are brought for discussions at both the AC and the Board level.

The bases for the Board's view are as follow:

- Work performed by outsourced Internal Auditors ("IA") and EA;
- Assurance has been received from the CEO and Chief Financial Officer ("CFO");
- Finance and accounting policies and Discretionary Authority Limit ("DAL") were established and approved by the Board;
- Availability of key policies on finance & accounting (including DAL), investment, information technology and business continuity management;
- The Company outsourced its internal audit function to an external party who will report audit findings and recommendations directly to the AC;
- 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;
- An Enterprise Risk Management framework was established to identify, assess and manage significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels.

The Board has received assurance from the CEO and CFO in respect of FY2019 that:

- a. the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and
- b. the Company's risk management and internal controls system are adequate and effective.

# CORPORATE GOVERNANCE REPORT

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.

The Board has additionally relied on internal audit report issued to the Company for FY2019 as assurance that the Company's risk management and internal control systems are effective.

## b. Audit Committee

### ***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

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 former partners or directors of the Company's external audit firm within the last two years and none of the AC members hold any financial interest in the external audit firm.

The AC is guided by the following key terms of reference:

- 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;
- 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);
- Review periodically management risk profiles identifying significant risk areas (with particular focus on financial reporting risks and controls);
- Coordinate with the Executive Directors on its oversight of non-financial and financial risk management and internal control matters;
- Arrange for access to and review reports regarding the adequacy and effectiveness of risk management and internal control systems;
- Review the effectiveness and adequacy of the Group's internal audit function;
- Review the scope and results of the external audit, and the independence and objectivity of the EA;
- 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;
- Review the system of internal controls and management of financial risks with IA and EA;
- Review the co-operation given by management to EA and IA, where applicable;

# CORPORATE GOVERNANCE REPORT

- 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;
- Review and approve interested person transactions and review procedures thereof;
- Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Investigate any matters within its terms of reference;
- 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
- Undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC had met with the EA in the absence of key management in FY2019.

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.

**Table 10.1 – Fees Paid/Payable to the EA for FY2019**

	S\$	% of total
Audit fees	61,000	100

There were no fees paid to the EA for non-audit services and no non-audit services rendered for FY2019.

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).

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 were no reported incidents pertaining to whistleblowing for FY2019.

In FY2019, 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.

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.

# CORPORATE GOVERNANCE REPORT

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the internal audit function is independent, effective and is able to discharge its duties effectively as the IA:

- Is adequately qualified and employees assigned to the internal audit of the Company are key members of the Institute of Internal Auditors and it adheres to the standards set by internationally recognised professional bodies;
- Is adequately resourced and led by a Director who has 18 years of relevant experience in internal audit and governance reviews; and
- Has the appropriate standing in the Company, given, inter alia, 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.

The AC meets with the EA, and with the IA, in each case without the presence of management at least annually. During the FY2019, the AC met with EA on 25 February 2019 and IA on 14 November 2019 without the presence of management.

## 4. SHAREHOLDER RIGHTS AND ENGAGEMENT

### a. Shareholders Rights and Conduct of General Meetings

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Company regularly communicates with the shareholders through general meetings and corporate announcements. 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.

The Company tables separate resolution at general meeting of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

The Company does not have a fixed dividend policy. Nonetheless, the Directors will review and recommend any dividend declaration subject to, inter alia, 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).

An interim dividend of S\$0.002 per ordinary share had been declared for payment during the financial year and a final dividend of S\$0.023 per ordinary share is recommended for FY2019 to thank shareholders for their support for the Company.

The Company's Articles allow for absentia voting.

# CORPORATE GOVERNANCE REPORT

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.

The Company held one shareholder meeting in FY2019, where the entire board was present.

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.

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 published on the corporate website as soon as practicable.

## b. Engagement with Shareholders

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

The Company solicits feedback and addresses the concerns of shareholders (including institutional and retail investors) via the following:

- An internal officer who is responsible for investor relations and whose contact details can be found in the corporate website of the Group; and
- Investor briefing during AGM.

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.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at <https://www.axcelasia.com>.

# CORPORATE GOVERNANCE REPORT

## c. Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. Detailed explanation on this engagement process is provided in the Sustainability Statement.

The Company maintains a corporate website at <https://www.axcelasia.com> to communicate and engage with stakeholders.

### **SUSTAINABILITY MANAGEMENT**

The Company issued its third sustainability statement in accordance with the Global Reporting Initiative ("GRI") Standards, Core Option and in line with the requirements of the Catalist Rules on sustainability reporting. The report highlights the key environmental, social and governance sustainability matters such as environmental compliance, occupational health & safety and employees management. More details and information are available in our Sustainability Statement in this annual report.

### **RISK MANAGEMENT**

The Company does not have a Board Risk Committee. The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

The Group adopted an Enterprise Risk Management Framework ("ERM Framework") in accordance with the ISO31000 – Risk Management Guidelines and the recommended best practices standard. The ERM Framework will be reviewed regularly, taking into the account changes in the business and operating environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group's risks registers and are ranked according to their likelihood and consequential impact to the Group. The identified risks are then managed and mitigated by appropriate internal controls established by management.

# CORPORATE GOVERNANCE REPORT

## DEALING IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements and ending on the date of the announcement of the results.

## OTHER REQUIRED DISCLOSURES

Catalist Rule	Rule Description	Company's Compliance or Explanation
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 FY2019 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 FY2019 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>

# CORPORATE GOVERNANCE REPORT

<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>
1204(17)	Interested Person Transactions ("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 FY2019.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor Fees	<p>UOB Kay Hian Private Limited was appointed as the Company's Continuing Sponsor with effect from 1 December 2019, in place of PrimePartners Corporate Finance Pte. Ltd. No non-sponsor fees were paid to either PrimePartners Corporate Finance Pte. Ltd. or UOB Kay Hian Private Limited in FY2019.</p>



# CORPORATE GOVERNANCE REPORT

Catalist Rule	Rule Description	Company's Compliance or Explanation																																		
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 25 March 2020.</p> <table border="1"> <thead> <tr> <th>Purpose</th> <th>Amount allocated in the Offer Document (S\$'000)</th> <th>Amount reallocated on 22 February 2017 (S\$'000)</th> <th>Amount utilised as at 25 March 2020 (S\$'000)</th> <th>Amount unutilised as at 25 March 2020 (S\$'000)</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>(1,843)</td> <td>2,157</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>(6,341)</b></td> <td><b>2,539</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>					Purpose	Amount allocated in the Offer Document (S\$'000)	Amount reallocated on 22 February 2017 (S\$'000)	Amount utilised as at 25 March 2020 (S\$'000)	Amount unutilised as at 25 March 2020 (S\$'000)	Expand our business operations in Malaysia and the ASEAN region and enhance our range of professional services	6,000	4,000	(1,843)	2,157	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>(6,341)</b>	<b>2,539</b>
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# SUSTAINABILITY STATEMENT

## **Introduction**

This year, Axcelasia Inc. (“Axcelasia”) and its subsidiaries (the “Group” or “Axcelasia Group”) adapted to an ever increasing pace of business change. Axcelasia rapidly adopted and directed our focus on what is fundamental to our long term resilience and success; our purpose, our people and our customers. These efforts include our actions on sustainability to ensure that our business responds to any events impacting our operations and we are committed to optimising the environmental, economic and social impact of our activities.

## **Reporting Framework**

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

This is our third year of reporting sustainability in accordance with the GRI sustainability standards – Core Option. 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 could have the greatest relevance and highest potential impact to our business and relationship with stakeholders.

## **Reporting Period and Scope**

This sustainability statement covers the period from 1 January 2019 to 31 December 2019. 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 identify specific key performance indicators relating to the environmental aspects as steps are being taken to review our business processes and to establish and capture more accurate baseline information.

## **Governance**

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

## **Memberships and Associations**

Being a professional services firm, our people are associated with the following organisations:

- Malaysian Institute of Accountants
- Malaysia Institute of Certified Public Accountants
- Institute of Internal Auditors, Malaysian Chapter
- Chartered Tax Institute of Malaysia

Membership in these associations enable us to engage with the policy and regulatory bodies and help us to be updated with the latest guidelines, industry best practices and changes to the regulatory requirements.

# SUSTAINABILITY STATEMENT

## Key Stakeholders

Stakeholders are defined as any individuals, community and entities that may be impacted by Axcelasia's business operations. 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.

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> </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 of:               <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>• Correspondence</li> <li>• Brochures</li> <li>• Products and service briefings</li> <li>• Media announcement 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 training</li> <li>• Periodic visits and inspections</li> </ul>
5.	Industry Associations	The Group engages with industry associations and academia to achieve mutual benefits.	<ul style="list-style-type: none"> <li>• Malaysian Institute of Accountants</li> <li>• Malaysian Institute of Certified Public Accountants</li> <li>• Institute of Internal Auditors, Malaysia</li> <li>• Other professional Risk Management and Accountancy professional organisations</li> </ul>

# SUSTAINABILITY STATEMENT

## Material Environmental, Social and Governance Factors

We conducted a materiality assessment review in 2018 and identified 6 material ESG matters. In defining material aspects, the Group evaluated the main sustainability interests, topics and indicators. The results of the materiality assessment were used to establish and confirm sustainability-related performance indicators for our organisation, prioritise resources, and to determine the contents of this report.

During the year 2019, we reviewed the materiality matters and decided that these remain relevant for the social and governance aspects of ESG. Globally and regionally, due to climate change imperatives-arising from the haze impact to Malaysia and Singapore in September 2019, Australia bush fires, and the various environmental issues regionally, we included energy and resource management as part of the material sustainability matters.

This report prioritises the following material aspects: resources used covering climate preparedness and resilience; opportunities and profile of our employees; the health, safety and wellness of our employees; local community and our governance impact. These material ESG matters applicable to our Group are summarised below:



## Environment

### (i) Environmental Impact From Climate Change

The physical risks resulting from climate change could have a material adverse effect on our properties, operations and business. To the extent climate change causes changes in weather patterns, our key offices in Malaysia and Singapore could experience increasingly severe storms, extreme temperatures and/or hazy environment. Climate change may have indirect effects on our business. These effects may include increasing the cost of insurance, increasing cost of energy and water, and increased business continuity risk of our business operations. Over time, these conditions could result in financial implications, such as direct damage and our inability to operate in our office buildings.

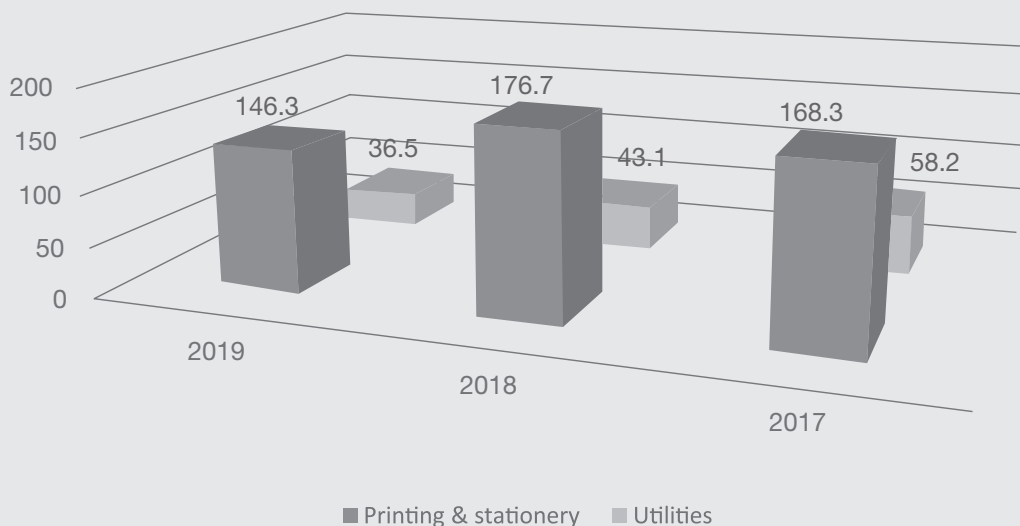
# SUSTAINABILITY STATEMENT

Our stakeholders across the Group support climate change preparedness and resiliency activities, including our Risk Management and executive leadership. Our resiliency activities are focusing on our people, which are our most critical assets in view that we are being an advisory services group. We have identified key risks, including business continuity risks and loss exposure related to climate change issues such as the haze situation, severe storms, pandemic outbreak of diseases and flooding. These efforts begin with developing business continuity plans at each of our business units prior to coordinated efforts at the Group level. We plan to conduct training on Business Continuity Management (“BCM”) and implement group-wide Emergency Response Plan as part of the BCM activities.

## (ii) Waste And Recycling Management

In 2018, we intensified our efforts to reduce our paper consumption and travel which indirectly cut our carbon emission. We reduced our paper consumption by subscribing to document cloud service from Microsoft 365 subscription and online access of our project management rather than printing hard copies of documents. We communicate and review our working paper processes through the use of e-workpapers minimising the use of papers and continue to improve our use of technology (such as e-conference, e-mails, etc), whenever such technologies are introduced and updated. Our waste paper is shredded and sent to a recycled service provider. Our printing and stationery costs reduced by 17.2% from RM176,700 in year 2018 to RM146,300 in year 2019. We target to reduce this further by 5% from the baseline in Year 2018 of RM176,700 annually.

### Printing & Stationery and Utilities



## (iii) Energy And Resource Management

We recognise the climate change impact to our business operation. This year, we included our efforts in managing the use of resources covering both water and electricity in terms of monetary value. For the past 3 years, we have been managing our utilities costs well below RM60,000. Our target is to achieve a utilities cost below RM55,000.

# SUSTAINABILITY STATEMENT

## Social

### (i) Employment

Service is key to our strategy and people is 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. We firmly believe in attracting skilled employees. As part of this attraction, we offer compensation and benefits which include Group life insurance and health care; disability and invalidity coverage; parental leave; and travel allowances. These compensation and benefits programmes are assessed periodically to ensure that we are aligned with the industry.

### (ii) Diversity And Equal Opportunity

It has been the policy of Axcelasia to recruit, upgrade, train and promote our employees without regard to race, colour, gender, gender identity or expression, religion, age, national origin, disability, marital status, genetic information or any other legally protected characteristic. By this policy, Axcelasia endeavours to ensure that all employees could make their maximum contribution to the Group and to their own career goals. Our intention is to provide an equal employment opportunity program that will concurrently serve the requirements of society, the law, sound business practices and individual dignity.

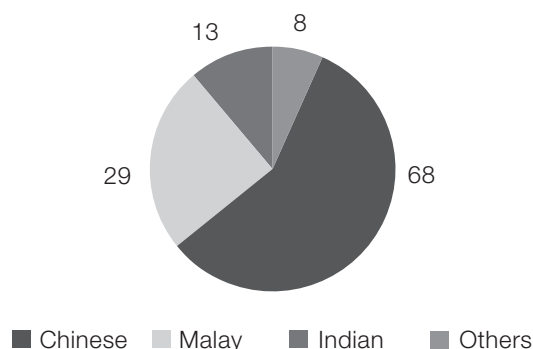
#### Gender Diversity

Our efforts of employing female employees were intensified and our current female to male ratio is 0.58: 0.42 (2018: 0.52: 0.48).

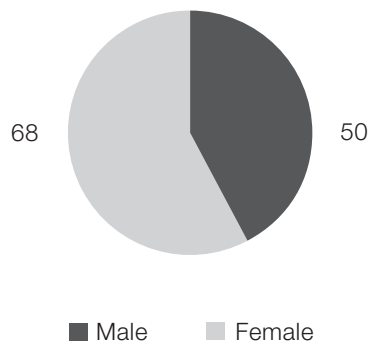
#### Age Diversity

We have a young employee profile with almost 70% of our employees below 40 years of age. Our senior employees above 50 years provide guidance to the younger employees with their working experience.

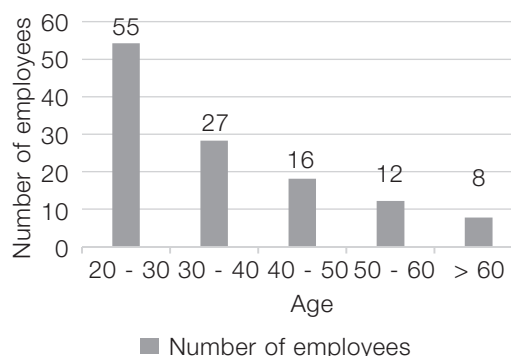
**Employees Profile by Ethnicity**



**Total Employees**



**Employees Profile by Age Band**



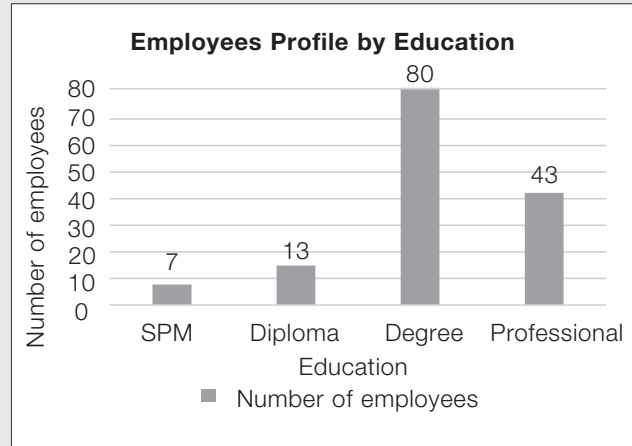
# SUSTAINABILITY STATEMENT

## Education Diversity

Our employee education profile ranges from master's degree to Malaysian Certificate of Education or SPM. We do encourage our employee to upskill through our comprehensive learning and development programmes.

### (iii) Training and Education

The Group offers various types of training for employees to upskill knowledge and understanding. We conduct training internally for all employees within the firm to keep all employees abreast with the latest professional standards covering tax, accounting, legal and business operations.



The training costs represented 0.6% (2018: 0.5%) of our total expenses. Our new joiners are inducted with awareness of the Group's policies during the orientation programmes and we provide on-the-job training continuously through mentoring and guidance for all new employees.

Our employees are required to achieve at least 40 training hours. Throughout the year, we held a total of **143 hours** (2018: 64) of professional training ranging from cybersecurity to report writing skills.

Our training programs allow Axcelasia to manage 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, taxation, accounting standards such as IFRS and corporate finance.

Apart from internal training, the Group also conducts external training for directors of Bursa Malaysia's listed entities.

We encourage our employees to observe a work life balance, where they are encouraged to adhere to the working hours of the Group. We educate employees about proper time management enabling a balanced work life and this has indirectly improved the employee 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. These engagements were conducted on an entity basis between the management team and the junior employees. Annually, the Group conducts strategy sessions with the head of the various business units to brief the entire Group about the Group's strategy, goals and budgets. The historical results analysis of the Axcelasia Group is also shared with all employees.

# SUSTAINABILITY STATEMENT

## **(iv) Local Communities**

Individually, Axcelasia employees were involved in numerous social activities. Axcelasia as a Company was involved indirectly with events organised by clients and other events organised by related professional bodies such as Malaysian Institute of Accountants and Malaysia Institute of Certified Public Accountants. Due to this commitment with events held by these professional bodies, we have **Nil** charitable projects (2018: 3 projects) for FY2019. We plan to review and conduct activities on a quarterly basis and to be involved in at least 2 direct activities in FY2020 with engagement to selected organisations such as old folk homes and other charitable organisations in line with our corporate social responsibility objectives.

## **Governance**

### **(i) Anti-bribery, Corruption and Whistleblowing**

The Company is committed to the highest possible standards of ethical, moral, and legal conduct. Consistent with this commitment, the Group has its own **Code of Ethics and Conduct** for employees and from 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 **Code of Ethics and Conduct** highlight the responsibilities of avoiding any potential circumstances involving bribery and corruption. These expected behaviours are communicated to employees during the Townhall sessions continuously and our Board members are updated on the latest rules and regulation related to anti-bribery and corruption.

The Company has in place a Whistleblowing Policy which aims to support good management practices and sound corporate governance practices. This policy aims to provide a structured mechanism for employee 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.

The company regularly communicates the importance of its anti-bribery and corruption efforts as part of creating awareness to employees through its quarterly newsletter and informal briefings held with employees. The initiatives taken were also to share and enhance knowledge of the professional staff in offering the anti-bribery and corruption services to clients. We conducted an anti-bribery and corruption training during the strategic session held in January 2019. The Company plans to conduct this exercise annually.

### **(ii) Corporate Governance**

The Company's corporate governance matters are covered in the Corporate Governance Report and the information disclosed is in compliance to the Code of Corporate Governance 2018 and SGX Catalyst Rules. 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 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%** (2018: 50%) of our Board members consist of independent directors. We target to maintain our Board's gender profile of 50% female unless there are specific circumstances compelling us to revise the target.



# SUSTAINABILITY STATEMENT

## A. MAPPING 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 FY2019 (“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, Pages 112 to 115 – AR, Shareholders Information, Pages 132 to 133
	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 – Section (i), Page 52
	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 Associations, Page 49
	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 48
	102-40	List of stakeholder groups	Page 49
	102-42	Identifying and selecting stakeholders	Page 49

# SUSTAINABILITY STATEMENT

	GRI STANDARD	DISCLOSURE	REFERENCE
	102-43	Approach to stakeholder engagements	Page 49
	102-44	Key topic and concerns raised	Page 50
	102-45	Entities included in the consolidated financial statements	– AR, Page 05 – Introduction Section, Page 48
	102-46	Defining report content and topic boundaries	Introduction Section, Page 48
	102-47	List of material topics	Page 50
	102-48	Restatements of information	N.A.
	102-49	Changes in reporting	N.A.
	102-50	Reporting period	Introduction Section, Page 48
	102-51	Date of most recent report	Introduction Section, Page 48
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	– AR, Corporate Profile, Page 01 – AR, Corporate Information, Page 15
	102-54	Claims of reporting in accordance with the GRI Standards	– Introduction Section, Page 48 – This report is guided by GRI Standards (Core Option)
	102-55	GRI content index	Pages 55 to 57
	102-56	External assurance	The Company may consider seeking external assurance in the future.

# SUSTAINABILITY STATEMENT

## B. MAPPING GRI CONTENT INDEX – SPECIFIC TOPICS

	GRI STANDARD	DISCLOSURE	REFERENCE
<b>MATERIAL TOPICS</b>	<b>Anti-Corruption</b>		
	205-2	Communication and training about anti-corruption policies and procedures	Pages 53 to 54
	<b>Environment</b>		
	306-2	Waste by type and disposal method	Page 51
	302-1	Energy consumption within the organisation	Page 51
	303-1	Water withdrawal by source	Page 51
	<b>Employment</b>		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 52
	<b>Diversity &amp; Equal Opportunity</b>		
	405-1	Diversity of governance bodies and employees	Page 52
	<b>Training and Education</b>		
	404-1	Average hours of training per year per employee	Page 53
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 53
	<b>Local Communities</b>		
	413-1	Operations with local community engagement, impact assessments, and development programs	Page 54

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 2019 and the statement of financial position of the Company as at 31 December 2019.

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 131 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 2019 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
	21.1.2020	31.12.2019	1.1.2019	21.1.2020	31.12.2019	1.1.2019
Company (No. of ordinary shares)						
Dr. Veerinderjeet Singh A/L Tejwant Singh	23,932,500	23,932,500	23,932,500	900,000	900,000	900,000
Dato' Tang Swee Guan	37,852,700	37,852,700	37,852,700	3,444,000	3,444,000	3,444,000
Ranjit Singh A/L Taram Singh	41,118,960	41,118,960	41,118,960	-	-	-

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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 2019

## 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;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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)

- (v) When a PSP participant committing any breach of any of the terms of his Award;
- (vi) Upon misconduct on the part of a PSP participant as determined by the Administration Committee in its discretion;
- (vii) When a general offer being made of all or any part of the Shares;
- (viii) When a scheme of arrangement or compromise between the Company and the Shareholders being sanctioned by the Court;
- (ix) When an order for the compulsory winding-up of the Company being made;
- (x) When a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (xi) Upon any other event unless approved by the Administration Committee.

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

## Audit committee

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

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

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

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## Audit committee (Continued)

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

- d. Coordinate with the Executive Directors on its oversight of non-financial and financial risk management and internal control matters;
- e. Arrange for access to and review reports regarding the adequacy and effectiveness of risk management and internal control systems;
- f. Review the effectiveness and adequacy of 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 of the SGX-ST, including such amendments made thereto from time to time;
- l. Review and approve interested person transactions and review procedures thereof;
- m. Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- n. Investigate any matters within its terms of reference;
- o. Review the policy and arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- p. Undertake such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, 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 2019.

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

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



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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

16 March 2020

# 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 2019, 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 131.

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 2019 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 financial 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, which is based on the respective contracts' billing terms.</p> <p>In certain instances, revenue is recognised upon issuance of sales invoices together with the delivery of final reports or equivalent deliverables. In other cases, revenue is recognised based on billing milestones according to the contract terms.</p>	<p>We reviewed the contracts' billing terms relating to the respective services rendered to assess the appropriateness of the Group's revenue recognition policy.</p> <p>We performed audit procedures on revenue transactions taking place within a pre-determined period before and after financial year end to ensure that revenue was recognised in the relevant accounting period.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
<p><b>Revenue recognition</b> (Continued)</p> <p>In view of the nature of revenue recognition and financial magnitude, revenue recognition is considered to be a key audit matter.</p> <p>The accounting policies for revenue recognition are set out in Note 2.2 to the financial statements and the different revenue streams for the Group have been disclosed in Notes 4 and 29 to the financial statements.</p>	<p>We tested samples of sales invoices raised during the financial year to signed engagement letters, correspondences and/or other supporting documents for accuracy of revenue recognised.</p> <p>We also assessed the adequacy of revenue disclosures contained in Notes 4 and 29 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 after credit loss allowance 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 33% of total trade receivables as at 31 December 2019, 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 and other relevant disclosures for impairment of trade receivables are set out in Notes 2.10 (b), 3.1 (a), 12 and 27 (b) 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 2019.</li> <li>• Assessed the recoverability of outstanding trade receivables with significant balances of 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 the financial year end for its effect in reducing amounts outstanding at financial 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>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 Notes 2.10 (b), 3.1 (a), 12 and 27 (b) to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AXCELASIA INC.

## Key Audit Matters (Continued)

Key audit matter	How our audit addressed the matter
<p><b>Impairment assessment on goodwill</b></p> <p>The Group has a significant amount of goodwill arising from the acquisition of Audex Governance Sdn. Bhd. on 1 April 2017. As at 31 December 2019, the carrying value of the goodwill amounted to RM 2.13 million. This represents 5% 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 ("VIU") method to determine the recoverable amount of the cash-generating unit ("CGU") in which goodwill is attributed to. The CGU also includes Axcelasia Columbus Sdn. Bhd. due to integrated operations. 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 profit before tax, therefore impairment assessment on goodwill is considered to be a key audit matter.</p> <p>The accounting policies and other relevant disclosures for impairment assessment on goodwill are set out in Notes 2.9 (a), 3.1 (b) and 16 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 Notes 2.9 (a), 3.1 (b) and 16 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 financial 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 Hui Nee.

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

**Singapore**

**16 March 2020**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
Revenue	4	25,806,080	25,197,478
Other gains – net	5	760,804	724,594
Expenses			
– Depreciation of property, plant and equipment	14	(999,310)	(474,955)
– Employee compensation	7	(15,667,784)	(16,243,685)
– Referral fees and research charges		(57,713)	(42,913)
– Rental on operating lease and maintenance	15d	(150,554)	(1,040,069)
– Subcontractors' fee		(293,665)	(196,602)
– Finance	6	(91,494)	–
– Others	8	(4,931,259)	(5,531,738)
Total expenses		(22,191,779)	(23,529,962)
Profit before income tax		4,375,105	2,392,110
Income tax expense	9	(1,656,134)	(938,647)
<b>Net profit</b>		<b>2,718,971</b>	<b>1,453,463</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses	22	(118)	(6,409)
<b>Total comprehensive income</b>		<b>2,718,853</b>	<b>1,447,054</b>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		2,743,283	1,606,243
Non-controlling interests		(24,312)	(152,780)
		<b>2,718,971</b>	<b>1,453,463</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		2,743,198	1,601,451
Non-controlling interests		(24,345)	(154,397)
		<b>2,718,853</b>	<b>1,447,054</b>
<b>Earnings per share attributable to equity holders of the Company</b> <b>(cents per share)</b>			
– Basic	10	1.71	1.00
– Diluted	10	1.71	1.00

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	<b>23,866,198</b>	23,322,973	<b>11,422,242</b>	11,526,814
Trade and other receivables	12	<b>11,248,034</b>	10,511,564	<b>11,771,810</b>	419,710
Income tax recoverable	13	<b>550</b>	569,426	–	–
		<b>35,114,782</b>	34,403,963	<b>23,194,052</b>	11,946,524
<b>Non-current assets</b>					
Property, plant and equipment	14	<b>1,826,830</b>	1,047,920	<b>220,925</b>	145,381
Goodwill	16	<b>2,130,000</b>	2,130,000	–	–
Investments in subsidiary corporations	17	–	–	<b>9,051,744</b>	8,814,923
		<b>3,956,830</b>	3,177,920	<b>9,272,669</b>	8,960,304
<b>Total assets</b>		<b>39,071,612</b>	37,581,883	<b>32,466,721</b>	20,906,828
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other payables	18	<b>3,790,494</b>	5,846,417	<b>310,122</b>	423,980
Current income tax liabilities		<b>737,597</b>	137,936	–	–
Borrowings	19	<b>553,639</b>	–	<b>73,047</b>	–
		<b>5,081,730</b>	5,984,353	<b>383,169</b>	423,980
<b>Non-current liability</b>					
Borrowings	19	<b>560,925</b>	–	<b>78,102</b>	–
<b>Total liabilities</b>		<b>5,642,655</b>	5,984,353	<b>461,271</b>	423,980
<b>NET ASSETS</b>		<b>33,428,957</b>	31,597,530	<b>32,005,450</b>	20,482,848
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	21	<b>27,817,984</b>	27,817,984	<b>27,817,984</b>	27,817,984
Treasury shares	21	<b>(2,569)</b>	–	<b>(2,569)</b>	–
Merger reserve		<b>(2,691,859)</b>	(2,691,859)	–	–
Other reserve	22	<b>47,872</b>	41,368	–	–
Retained profits/(accumulated losses)	23	<b>8,186,307</b>	6,459,088	<b>4,190,035</b>	(7,335,136)
		<b>33,357,735</b>	31,626,581	<b>32,005,450</b>	20,482,848
<b>Non-controlling interests</b>	17	<b>71,222</b>	(29,051)	–	–
<b>TOTAL EQUITY</b>		<b>33,428,957</b>	31,597,530	<b>32,005,450</b>	20,482,848

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to the equity holders of the Company					Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Merger reserve <sup>(2)</sup> RM	Other reserve RM	Retained profits <sup>(1)</sup> RM			
<b>2019</b>								
<b>Balance at 31 December 2018</b>	27,817,984	–	(2,691,859)	41,368	6,459,088	31,626,581	(29,051)	31,597,530
Adoption of SFRS(I) 16 (Note 2.1)	–	–	–	–	(2,091)	(2,091)	–	(2,091)
<b>Balance at 1 January 2019</b>	<b>27,817,984</b>	<b>–</b>	<b>(2,691,859)</b>	<b>41,368</b>	<b>6,456,997</b>	<b>31,624,490</b>	<b>(29,051)</b>	<b>31,595,439</b>
Total comprehensive (loss)/income for the financial year	–	–	–	(85)	2,743,283	2,743,198	(24,345)	2,718,853
Purchase of treasury shares (Note 21)	–	(2,569)	–	–	–	(2,569)	–	(2,569)
Dividend paid (Note 24)	–	–	–	–	(986,838)	(986,838)	–	(986,838)
Acquisition of additional equity interest in subsidiary corporations (Note 17)	–	–	–	6,589	(27,135)	(20,546)	124,618	104,072
<b>Balance at 31 December 2019</b>	<b>27,817,984</b>	<b>(2,569)</b>	<b>(2,691,859)</b>	<b>47,872</b>	<b>8,186,307</b>	<b>33,357,735</b>	<b>71,222</b>	<b>33,428,957</b>
<b>2018</b>								
<b>Balance at 1 January 2018</b>	27,817,984	–	(2,691,859)	46,160	4,852,845	30,025,130	125,346	30,150,476
Total comprehensive (loss)/income for the financial 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>–</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>

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

(2) The merger reserve represents the difference between the consideration paid and the share capital of the subsidiary corporation(s) acquired under common control.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
<b>Cash flows from operating activities</b>			
Net profit		2,718,971	1,453,463
Adjustments for:			
– Income tax expense	9	1,656,134	938,647
– Depreciation of property, plant and equipment	14	999,310	474,955
– Interest income	5	(619,728)	(581,765)
– Adjustment on contingent consideration	5	–	(137,648)
– Property, plant and equipment written off	5	5,758	60,144
– (Gain)/Loss on disposal of property, plant and equipment	5	(110)	13,202
– Finance expenses	6	91,494	–
– Unrealised currency translation difference		1,260	8,789
		<b>4,853,089</b>	<b>2,229,787</b>
Change in working capital:			
– Trade and other receivables		(722,770)	(3,240,334)
– Other payables		(482,824)	1,287,163
Cash generated from operations		<b>3,647,495</b>	276,616
Income tax paid		(487,597)	(1,022,518)
<b>Net cash provided by/(used in) operating activities</b>		<b>3,159,898</b>	<b>(745,902)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	14	(289,400)	(300,138)
Disposal of property, plant and equipment		74,743	49,102
Interest received		606,028	581,765
<b>Net cash provided by investing activities</b>		<b>391,371</b>	<b>330,729</b>
<b>Cash flows from financing activities</b>			
Proceeds from subsidiary corporations' issuance of share capital to non-controlling interests	17	6,072	–
Advances from a director of a subsidiary corporation		–	73,500
Bank deposits pledged	13	(12,495)	45,000
Dividend paid to equity holders of the Company	24	(986,838)	–
Share buyback	21	(2,569)	–
Principal payment of lease liability		(457,267)	–
Interest paid		(91,494)	–
<b>Net cash (used in)/provided by financing activities</b>		<b>(1,544,591)</b>	<b>118,500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,006,678</b>	<b>(296,673)</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		21,847,874	22,158,288
Effects of currency translation on cash and cash equivalents		(849)	(13,741)
<b>End of financial year</b>	13	<b>23,853,703</b>	<b>21,847,874</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 17 to the financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements has been prepared in accordance with the 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 to the financial statements.

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

#### ***Interpretations and amendments to published standards effective in 2019***

On 1 January 2019, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) 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 INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

#### ***Adoption of SFRS(I) 16 Leases***

##### *(a) When the Group is the lessee*

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group’s accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.15 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### **Adoption of SFRS(I) 16 Leases** (Continued)

##### (a) *When the Group is the lessee* (Continued)

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has:
  - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - (b) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
  - (c) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
  - (d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### *Adoption of SFRS(I) 16 Leases* (Continued)

- (b) The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	<b>Increase/(decrease)</b>	
	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment (Note 15 (a))	1,569,740	215,029
Lease liabilities (Note 19 (b))	1,571,831	215,029
Retained profits	(2,091)	-

- (c) An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	<b>RM</b>
Operating lease commitment disclosed as at 31 December 2018 (Note 26)	350,723
Less: Cancelled lease	(309,140)
Less: Discounting effect using weighted average incremental borrowing rate of 6.7%	(2,506)
Add: Extension options which are reasonably certain to be exercised	1,532,754
Lease liabilities recognised as at 1 January 2019 (Note 19 (b))	<u>1,571,831</u>

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods 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 over time or at a point in 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. 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.

Revenue billed in advance of the rendering of services is recognised as deferred income and included in "Other payables" on the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (Continued)

(b) *Licensing of software*

The licensing of computer software are recognised at the point in time when the customer obtains control of the software.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

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

### 2.3 Government grants

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

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

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

### 2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations* (Continued)

##### (i) *Consolidation* (Continued)

In preparing the consolidated financial statements, 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.

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

##### (ii) *Acquisitions*

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations* (Continued)

##### (ii) *Acquisitions* (Continued)

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

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

##### (iii) *Disposals*

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

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

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

### 2.5 Property, plant and equipment

#### (a) Measurement

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

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

##### (ii) Components of costs

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

#### (b) Depreciation

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

	<u>Useful lives</u>
Computers	5 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5-10 years
Leasehold buildings	2-3 years

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (c) *Subsequent expenditure*

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

#### (d) *Disposal*

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

### 2.6 Intangible assets

#### *Goodwill*

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

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

### 2.7 Borrowing costs

Borrowing costs include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16.

Borrowing costs are recognised in profit or loss using the effective interest method.

### 2.8 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 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 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

##### *Right-of-use assets*

##### *Investments in subsidiary corporations*

Property, plant and equipment, right-of-use assets 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 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets

#### (a) *Classification and measurement*

The Group classifies and measures its financial assets in the following categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

##### (i) *Debt instruments*

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

There are three subsequent measurement categories, depending on the Group's business model for managing the assets and the cash flow characteristic of the assets.

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 included in interest income using the effective interest rate method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

#### (a) Classification and measurement (Continued)

##### At subsequent measurement (Continued)

#### (i) Debt instruments (Continued)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses) – net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses) – net".

#### (ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses) – net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

#### (b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 (b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial assets (Continued)

#### (c) 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.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.11 Offsetting of financial instruments

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

### 2.12 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 fail to meet the requirements in the binding contract.

Financial guarantees are initially recognised at their fair values and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.14 Other payables

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.

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

### 2.15 Leases

- (a) The accounting policy for leases before 1 January 2019 are as follows:

*When the Group is the lessee*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Leases (Continued)

- (b) The accounting policy for leases from 1 January 2019 are as follows:

*When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group leases office premises from non-related and related parties.

- *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Leases (Continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (Continued)

*When the Group is the lessee (Continued)*

- *Lease liabilities (Continued)*

Lease payments include the following: (Continued)

- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Leases (Continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (Continued)

*When the Group is the lessee (Continued)*

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax is measured:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 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.

### 2.18 Employee compensation

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

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

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

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

The Group operates an equity-settled, share-based compensation plan for its employees. The value of employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Employee compensation (Continued)

(c) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any nonmarket vesting conditions. These are fair valued based on the market price of entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

### 2.19 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 balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Currency translation (Continued)

#### (b) Transactions and balances (Continued)

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains or losses impacting profit or loss are presented in the income statement within "Other gains – net".

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

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

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

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

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

### 2.20 Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 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.

### 2.22 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.23 Dividends to Company's shareholders

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

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

### 3.1 Critical accounting estimates and assumptions

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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

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 2019, the Group's trade receivables amounted to RM 9,298,801 (2018: 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 balance and expense for write off of trade receivables are RM 56,216 (2018: RM 99,357) and RM 2,803 (2018: RM 8,181) respectively.

The carrying amounts of trade receivables at the end of each financial year are disclosed in Note 12 to the financial statements.

#### (b) Estimated impairment of goodwill

The Group has a goodwill of RM 2,130,000 (2018: RM 2,130,000) in its statement of financial position and as disclosed in Note 16 to the financial statements.

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

Significant judgments are used to estimate the growth in profit before tax, 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 2019. Specific estimates are disclosed in Note 16 to the financial statements.

If the estimated profit before tax used in the VIU calculation had been 10% lower (2018: 10% lower) than management's estimates, the recoverable amount would have been lower by RM 1,949,000 (2018: RM 874,000).

If the estimated pre-tax weighted average cost of capital used had been 1% higher (2018: 1% higher) than management's estimates, the recoverable amount would have been lower by RM 1,827,000 (2018: RM 747,000).

If the estimated terminal growth rate applied to the discounted cash flows for the CGU has been 1% lower (2018: 1% lower) than management's estimates, the recoverable amount would have been lower by RM 1,191,000 (2018: RM 512,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 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 service lines and geographical locations. Revenue is attributed to countries by location of customers.

	At a point in time RM	Over time RM	Total RM
<b>2019</b>			
Business consultancy			
– Malaysia	–	10,543,499	10,543,499
– Singapore	–	–	–
	–	10,543,499	10,543,499
Business support			
– Malaysia	70,100	4,875,950	4,946,050
EMS application			
– Malaysia	–	1,099,184	1,099,184
Tax advisory			
– Malaysia	4,989,903	4,227,444	9,217,347
Total	<b>5,060,003</b>	<b>20,746,077</b>	<b>25,806,080</b>
<b>2018</b>			
Business consultancy			
– Malaysia	–	9,528,267	9,528,267
– Singapore	–	187,469	187,469
	–	9,715,736	9,715,736
Business support			
– Malaysia	31,950	5,976,483	6,008,433
EMS application			
– Malaysia	–	869,235	869,235
Tax advisory			
– Malaysia	4,076,792	4,527,282	8,604,074
Total	4,108,742	21,088,736	25,197,478

### (b) Contract assets

	Group		
	31 December 2019 RM	2018 RM	1 January 2018 RM
Contract assets			
– Business support (Note 12)	<b>814,387</b>	385,394	–

The contract assets primarily relate to the Group's rights to consideration for work done but not billed at the balance sheet 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 together with the delivery of final reports or equivalent deliverables.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 5 OTHER GAINS – NET

	Group	
	2019	2018
	RM	RM
Interest income		
– Cash at bank	6,226	11,445
– Short-term bank deposits	613,502	570,320
Trade receivables written back	–	14,995
Reversal in credit loss allowance for trade receivables – non-related parties (Note 27 (b))	32,938	–
Adjustment on contingent consideration (Note 30)	–	137,648
Realised foreign exchange loss, net	(16,294)	(6,470)
Unrealised foreign exchange loss, net	(4,045)	(25,380)
Gain/(loss) on disposal of property, plant and equipment	110	(13,202)
Property, plant and equipment written off	(5,758)	(60,144)
Sundry income	134,125	95,382
Total	<u>760,804</u>	<u>724,594</u>

## 6 FINANCE EXPENSES

	Group	
	2019	2018
	RM	RM
Interest expense		
– Lease liabilities (Note 15 (c))	91,494	–

Finance expenses from lease liabilities were capitalised at a rate of 6.7% per annum.

## 7 EMPLOYEE COMPENSATION

	Group	
	2019	2018
	RM	RM
Salaries and bonus	13,559,678	13,937,824
Employer's contribution to defined contributions plan	1,783,063	1,857,315
Other short-term benefits	325,043	448,546
	<u>15,667,784</u>	<u>16,243,685</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 8 OTHER EXPENSES

	Group	
	2019 RM	2018 RM
Accommodation	11,720	1,228
Advertising and promotion	28,882	19,752
Fees on audit services paid/payable to:		
– Auditor of the Company	184,267	204,857
– Other auditors	32,377	23,482
Bad debts written-off	2,803	8,181
Allowance for credit losses on trade receivables – non-related parties (Note 27 (b))	–	99,357
Conference expenses	21,621	55,664
Entertainment	14,739	16,978
Insurance	189,698	193,353
Internal audit fee	27,000	15,000
Petrol, toll and parking	61,884	74,027
Printing and stationery	146,252	176,739
Postage and courier	24,063	22,586
Seminar and training expenses	136,507	113,698
Share of administration expenses	44,028	45,920
Subscription fee	226,577	166,483
Telephone, fax and internet	57,615	65,922
Travelling expenses	223,503	210,313
Continuing sponsorship fee	169,543	245,596
Direct expenses	2,027,191	2,634,412
Penalty	7,265	1,223
Secretarial and filing fee	90,968	88,905
Stamp duty	4,419	–
Utilities	36,500	43,143
Directors' fee	565,543	563,760
Nominee director's fee	22,703	–
Professional fee	4,767	63,860
Legal	29,817	3,773
Search fee	86,985	67,404
Listing fee	45,587	44,914
Service tax	79,970	–
Others	326,645	261,208
	<b>4,931,259</b>	<b>5,531,738</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9 INCOME TAXES

	Group	
	2019 RM	2018 RM
Tax expense attributable to profit is made up of:		
Current income tax		
– Current year provision	1,656,134	941,023
– Under provision in prior financial year	–	9,625
	<b>1,656,134</b>	950,648
Deferred income tax		
– Over provision in prior financial year (Note 20)	–	(12,001)
	<b>1,656,134</b>	938,647

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

	Group	
	2019 RM	2018 RM
Profit before tax	<b>4,375,105</b>	2,392,110
Tax calculated at tax rate of 24% (2018: 24%)	<b>1,050,025</b>	574,106
Effects of:		
– Effect of non-taxable income	<b>(188,701)</b>	(20,903)
– Expenses not deductible	<b>856,000</b>	642,773
– Tax incentives	–	(365,627)
– Deferred income taxable in current year	–	32,361
– Deferred tax asset not recognised	<b>68,277</b>	117,788
– Utilisation of previously unrecognised deferred tax asset	<b>(126,313)</b>	(41,613)
– Under provision of income tax in prior year	–	9,625
– Over provision of deferred income tax in prior year	–	(12,001)
– Tax exemption	–	(1,512)
– Others	<b>(3,154)</b>	3,650
Tax charge	<b>1,656,134</b>	938,647

### 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 expired on 28 February 2019. As at 31 December 2019, AGBS has tax exempt profits available for distribution of approximately RM 3,548,662 (2018: RM 3,548,662) subject to agreement with Inland Revenue Board.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9 INCOME TAXES (CONTINUED)

At the date of the statement of financial position, the Group had unabsorbed tax losses of approximately RM 577,222 (2018: RM 573,993), 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.

## 10 EARNINGS PER SHARE

	Group	
	2019 RM	2018 RM
Net profit attributable to equity holders of the Company	<u>2,743,283</u>	<u>1,606,243</u>
Weighted average number of ordinary shares for basic earnings per share	<u>160,312,745</u>	<u>160,320,000</u>
Basic earnings per share (cents per share)	<u>1.71</u>	<u>1.00</u>
Diluted earnings per share (cents per share)	<u>1.71</u>	<u>1.00</u>

### (a) Basic earnings per share

Basic earnings 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 per share

For the purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive 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 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash at bank and on hand	<b>4,714,138</b>	5,664,444	<b>165,609</b>	1,300,105
Short-term bank deposits	<b>19,152,060</b>	17,658,529	<b>11,256,633</b>	10,226,709
	<b>23,866,198</b>	23,322,973	<b>11,422,242</b>	11,526,814

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

	Group	
	2019 RM	2018 RM
Cash and bank balances (as above)	<b>23,866,198</b>	23,322,973
Less:		
– Bank deposits pledged <sup>(a)</sup>	<b>(12,495)</b>	–
– Bank balances restricted <sup>(b)</sup>	–	(1,475,099)
Cash and cash equivalents per consolidated statement of cash flows	<b>23,853,703</b>	21,847,874

(a) Bank deposits are pledged as security for a bank guarantee (Note 25).

(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.

## 12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
– Non-related parties	<b>9,298,801</b>	9,296,491	–	–
Less: Loss allowance (Note 27 (b))	<b>(56,216)</b>	(99,357)	–	–
	<b>9,242,585</b>	9,197,134	–	–
Contract assets (Note 4(b))	<b>814,387</b>	385,394	–	–
Other receivables				
– Non-related parties	<b>315,912</b>	150,732	<b>301,793</b>	150,732
– Subsidiary corporation	–	–	<b>11,432,724</b>	132,724
Less: Loss allowance (Note 27 (b))	–	–	<b>(132,724)</b>	–
	–	–	<b>11,300,000</b>	132,724
Deposits	<b>313,828</b>	429,813	<b>26,860</b>	43,705
Prepayments	<b>309,570</b>	110,439	<b>49,218</b>	–
Amount due from non-controlling interests	<b>109,925</b>	109,925	–	–
Interest receivables – short-term bank deposits	<b>141,827</b>	128,127	<b>93,939</b>	92,549
	<b>11,248,034</b>	10,511,564	<b>11,771,810</b>	419,710

The other receivables from subsidiary corporations are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 13 INCOME TAX RECOVERABLE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Income tax recoverable	<u>550</u>	<u>569,426</u>	<u>-</u>	<u>-</u>

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

## 14 PROPERTY, PLANT AND EQUIPMENT

Group	Computers	Furniture and fittings	Office equipment	Renovation	Leasehold buildings	Total
	RM	RM	RM	RM	RM	RM
<b>2019</b>						
<b>Cost</b>						
At 31 December 2018	2,092,074	487,639	173,432	457,043	-	3,210,188
Adoption of SFRS(I) 16 (Note 2.1)	-	-	-	-	1,574,041	1,574,041
At 1 January 2019	2,092,074	487,639	173,432	457,043	1,574,041	4,784,229
Currency translation differences	(26)	-	-	-	-	(26)
Additions	77,547	40,357	18,075	153,421	-	289,400
Write off	(28,342)	(5,338)	(992)	(14,395)	-	(49,067)
Disposal	(1,930)	(17,831)	(8,634)	(79,220)	-	(107,615)
At 31 December 2019	<u>2,139,323</u>	<u>504,827</u>	<u>181,881</u>	<u>516,849</u>	<u>1,574,041</u>	<u>4,916,921</u>
<b>Accumulated depreciation</b>						
At 31 December 2018	1,420,795	381,682	135,788	224,003	-	2,162,268
Adoption of SFRS(I) 16 (Note 2.1)	-	-	-	-	4,301	4,301
At 1 January 2019	1,420,795	381,682	135,788	224,003	4,301	2,166,569
Currency translation differences	52	-	14	437	-	503
Depreciation charge	287,505	73,847	20,695	102,724	514,539	999,310
Write off	(28,342)	(5,338)	(992)	(8,637)	-	(43,309)
Disposal	(579)	(5,426)	(2,591)	(24,386)	-	(32,982)
At 31 December 2019	<u>1,679,431</u>	<u>444,765</u>	<u>152,914</u>	<u>294,141</u>	<u>518,840</u>	<u>3,090,091</u>
<b>Net book value</b>						
At 31 December 2019	<u>459,892</u>	<u>60,062</u>	<u>28,967</u>	<u>222,708</u>	<u>1,055,201</u>	<u>1,826,830</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Computers	Furniture and fittings	Office equipment	Renovation	Total
	RM	RM	RM	RM	RM
<b>2018</b>					
<b>Cost</b>					
At 1 January 2018	2,161,509	451,973	159,346	495,219	3,268,047
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	(196,770)	(8,304)	(6,735)	(27,698)	(239,507)
At 31 December 2018	<u>2,092,074</u>	<u>487,639</u>	<u>173,432</u>	<u>457,043</u>	<u>3,210,188</u>
<b>Accumulated depreciation</b>					
At 1 January 2018	1,258,972	312,146	121,754	228,532	1,921,404
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	(160,606)	(2,624)	(4,797)	(9,176)	(177,203)
At 31 December 2018	<u>1,420,795</u>	<u>381,682</u>	<u>135,788</u>	<u>224,003</u>	<u>2,162,268</u>
<b>Net book value</b>					
At 31 December 2018	<u>671,279</u>	<u>105,957</u>	<u>37,644</u>	<u>233,040</u>	<u>1,047,920</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Computers RM</b>	<b>Furniture and fittings RM</b>	<b>Office equipment RM</b>	<b>Renovation RM</b>	<b>Leasehold buildings RM</b>	<b>Total RM</b>
<b>2019</b>						
<b>Cost</b>						
At 31 December 2018	182,715	48,044	1,964	126,885	–	359,608
Adoption of SFRS(I) 16 (Note 2.1)	–	–	–	–	215,029	215,029
At 1 January 2019	182,715	48,044	1,964	126,885	215,029	574,637
Additions	2,990	–	1,750	–	–	4,740
At 31 December 2019	<u>185,705</u>	<u>48,044</u>	<u>3,714</u>	<u>126,885</u>	<u>215,029</u>	<u>579,377</u>
<b>Accumulated depreciation</b>						
At 31 December 2018 and 1 January 2019	108,540	28,377	1,179	76,131	–	214,227
Depreciation charge	37,141	9,609	422	25,377	71,676	144,225
At 31 December 2019	<u>145,681</u>	<u>37,986</u>	<u>1,601</u>	<u>101,508</u>	<u>71,676</u>	<u>358,452</u>
<b>Net book value</b>						
At 31 December 2019	<u>40,024</u>	<u>10,058</u>	<u>2,113</u>	<u>25,377</u>	<u>143,353</u>	<u>220,925</u>
<b>2018</b>						
<b>Cost</b>						
At 1 January 2018	182,165	46,922	1,964	126,885	–	357,936
Additions	550	1,122	–	–	–	1,672
At 31 December 2018	<u>182,715</u>	<u>48,044</u>	<u>1,964</u>	<u>126,885</u>	<u>–</u>	<u>359,608</u>
<b>Accumulated depreciation</b>						
At 1 January 2018	71,997	18,768	786	50,754	–	142,305
Depreciation charge	36,543	9,609	393	25,377	–	71,922
At 31 December 2018	<u>108,540</u>	<u>28,377</u>	<u>1,179</u>	<u>76,131</u>	<u>–</u>	<u>214,227</u>
<b>Net book value</b>						
At 31 December 2018	<u>74,175</u>	<u>19,667</u>	<u>785</u>	<u>50,754</u>	<u>–</u>	<u>145,381</u>

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 15 (a) to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 15 LEASES – THE GROUP AS A LESSEE

### Nature of the Group's leasing activities

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

(a) *Carrying amounts*

ROU assets classified within Property, plant and equipment

	<b>31 December 2019 RM</b>	<b>1 January 2019 RM</b>
<b>Group</b>		
Leasehold buildings	<b>1,055,201</b>	1,569,740
<b>Company</b>		
Leasehold buildings	<b>143,353</b>	215,029
(b) <i>Depreciation charge during the year</i>		<b>Group 31 December 2019 RM</b>
Leasehold buildings		<b>514,539</b>
(c) <i>Interest expense</i>		<b>Group 31 December 2019 RM</b>
Interest expense on lease liabilities (Note 6)		<b>91,494</b>
(d) <i>Lease expense not capitalised in lease liabilities</i>		<b>Group 31 December 2019 RM</b>
Lease expense – short-term leases		<b>65,403</b>
Lease expense – low-value leases		<b>85,152</b>
Total		<b>150,554</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 15 LEASES – THE GROUP AS A LESSEE (CONTINUED)

### Nature of the Group's leasing activities (Continued)

- (e) Total cash outflow for all the leases in 2019 was RM 699,315.
- (f) Future cash outflow which are not capitalised in lease liabilities – Extension options

The leases for certain leasehold buildings contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

## 16 GOODWILL

	Group	
	2019 RM	2018 RM
<b>Cost and carrying amount</b>		
Beginning and end of financial year	<u>2,130,000</u>	<u>2,130,000</u>

### Impairment test for goodwill

Goodwill is allocated to the Group's business consultancy CGU, identified as arising from the acquisition of Audex Governance Sdn. Bhd., which includes Axcelasia Columbus Sdn. Bhd. due to integrated operations.

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 five years. Cash flows beyond five years 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	
	2019	2018
Pre-tax weighted average cost of capital	<u>13.9%</u>	13.9%
Terminal growth rate	<u>2%</u>	2%

Management determined that profit before tax is to increase by 10% per annum (2018: 10% per annum) for the next five years at an average of RM 319,000 (2018: RM 135,000). 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 profit before tax 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2019 RM	2018 RM
<b>Equity investments at cost</b>		
Beginning of financial year	10,263,680	10,263,680
Acquisition of additional equity interest in subsidiary corporation	236,821	–
End of financial year	<b>10,500,501</b>	10,263,680
<b>Accumulated impairment losses</b>		
Beginning of financial year	1,448,757	–
Impairment losses	–	1,448,757
End of financial year	<b>1,448,757</b>	1,448,757
<b>Carrying amount</b>	<b>9,051,744</b>	8,814,923

The Group has the following subsidiary corporations as at 31 December 2019 and 2018:

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
<u>Held by Company</u>								
Axcelasia Taxand Sdn. Bhd. <sup>(a)</sup>	Provision of tax compliance, tax advisory services, training and knowledge management services	Malaysia	100	100	100	100	–	–
Axcelasia Singapore Pte. Ltd. <sup>(a)</sup>	Provision of management consultancy services	Singapore	90	75	90	75	10	25
Axcelasia Lao Co., Ltd. <sup>(a)</sup>	Provision of management consultancy services	Laos	100	100	100	100	–	–
Axcelasia Vietnam Co., Ltd. <sup>(a)</sup>	Provision of management consultancy services	Vietnam	70	70	70	70	30	30
<u>Audex</u>								
Governance Sdn. Bhd. <sup>(a)</sup>	Provision of management consultancy services	Malaysia	100	100	100	100	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018: (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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
<u>Held by Axcelasia Taxand Sdn. Bhd.</u>								
Axcelasia Corporate Services Sdn. Bhd. <sup>(a)</sup>	Provision of company secretarial services	Malaysia	100	100	-	-	-	-
Axcelasia Global Business Services Sdn. Bhd. <sup>(a)</sup>	Provision of accounting, payroll, corporate finance and administration support services	Malaysia	100	100	-	-	-	-
Axcelasia Columbus Sdn. Bhd. <sup>(a)</sup>	Provision of management consultancy services	Malaysia	100	100	-	-	-	-
Agensi Pekerjaan Axcelasia Talent Sdn. Bhd. <sup>(a)</sup>	Provision of recruitment and human resource consultancy services	Malaysia	100	100	-	-	-	-
<u>Held by Axcelasia Columbus Sdn. Bhd.</u>								
Axcelasia Softnex Sdn. Bhd. <sup>(a)</sup>	Licensing of ERM Application software	Malaysia	100	100	-	-	-	-
Axcelasia HR Consulting Sdn. Bhd. <sup>(a)</sup>	Provision of HR consultancy services	Malaysia	51	51	-	-	49	49

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Carrying value of non-controlling interests

	Group	
	2019 RM	2018 RM
Axcelasia HR Consulting Sdn. Bhd.	55,524	(73,591)
Axcelasia Singapore Pte. Ltd.	17,981	31,792
Axcelasia Vietnam Co., Ltd.	(2,283)	12,748
Total	71,222	(29,051)

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

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

### Summarised statements of financial position

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current</b>						
Assets	130,777	168,871	185,752	159,413	216,265	215,856
Liabilities	(18,951)	(322,414)	(8,896)	(36,999)	(278,598)	(278,598)
Total net current assets/(liabilities)	111,826	(153,543)	176,856	122,414	(62,333)	(62,742)
<b>Non-current</b>						
Assets	1,490	3,358	2,953	4,755	54,722	105,235
Total non-current assets	1,490	3,358	2,953	4,755	54,722	105,235
<b>Net assets/ (liabilities)</b>	<b>113,316</b>	<b>(150,185)</b>	<b>179,809</b>	<b>127,169</b>	<b>(7,611)</b>	<b>42,493</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

**17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)**
*Summarised statements of comprehensive income*

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	<b>385,803</b>	326,675	-	187,469	-	-
<b>Profit/(loss before income tax</b>	<b>63,501</b>	(187,560)	<b>(190,252)</b>	(242,641)	<b>(49,996)</b>	(717)
<b>Total comprehensive income/(loss)</b>	<b>63,501</b>	(187,560)	<b>(190,252)</b>	(242,641)	<b>(49,996)</b>	(717)
<b>Total comprehensive income/(loss) allocated to non- controlling interests</b>	<b>31,116</b>	(91,904)	<b>(40,428)</b>	(60,660)	<b>(14,999)</b>	(215)

*Summarised statements of cash flows*

	Axcelasia HR Consulting Sdn. Bhd.		Axcelasia Singapore Pte. Ltd.		Axcelasia Vietnam Co., Ltd.	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Cash (used in)/ generated from operations	<b>(218,202)</b>	(69,238)	<b>(203,977)</b>	(59,713)	<b>409</b>	(938)
Income tax refund/(paid)	<b>35,741</b>	67,977	-	-	-	-
<b>Net cash (used in)/ generated from operating activities</b>	<b>(182,461)</b>	(1,261)	<b>(203,977)</b>	(59,713)	<b>409</b>	(938)
<b>Net cash used in investing activities</b>	-	-	-	-	-	-
<b>Net cash generated from financing activities</b>	<b>200,000</b>	-	<b>242,893</b>	-	-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>17,539</b>	(1,261)	<b>38,916</b>	(59,713)	<b>409</b>	(938)
<b>Beginning of financial year</b>	<b>16,670</b>	17,931	<b>145,302</b>	205,015	<b>822</b>	1,760
<b>End of financial year</b>	<b>34,209</b>	16,670	<b>184,218</b>	145,302	<b>1,231</b>	822

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Acquisition of additional interest in subsidiary corporations

#### 2019

(i) Axcelasia HR Consulting Sdn. Bhd. ("AHRC")

AHRC, a 51%-owned subsidiary of Axcelasia Columbus Sdn. Bhd. ("ACSB") which in turn is a wholly-owned subsidiary of the Company, has on 9 April 2019 increased its issued and paid up capital from Ringgit Malaysia ("RM") 200,000 to RM400,000 (the "Capital Increase") through the pro-rata issue and allotment of:

- (i) 102,000 ordinary shares of RM1.00 each to ACSB; and
- (ii) 98,000 ordinary shares of RM1.00 each to the remaining 49% shareholder of AHRC.

(ii) Axcelasia Singapore Pte. Ltd. ("ASPL")

ASPL, a 75%-owned subsidiary of the Company, has on 10 October 2019 increased its issued and paid up capital from Singapore Dollars ("S\$") 500,000 to S\$580,000 (equivalent to approximately from RM 1,471,470 to RM 1,714,363) (the "Capital Increase") through the issue and allotment of:

- (i) 975,000 ordinary shares of S\$0.08 each to the Company amounting to RM 236,821; and
- (ii) 25,000 ordinary shares of S\$0.08 each to the existing 25% shareholder of ASPL amounting to RM 6,072.

The Company's interest in ASPL has been increased from 75% to 90% following the Capital Increase.

The Group as of 31 December 2019 holds 51% and 90% of equity share capital of AHRC and ASPL respectively.

The following summarises the effect of the changes in the Group's ownership interest in AHRC and ASPL on the equity attributable to owners of the Company:

	<b>AHRC RM</b>	<b>ASPL RM</b>	<b>Total RM</b>
Consideration paid on acquisition on non-controlling interest			
– Cash	–	6,072	6,072
– Capitalisation of amount owing to director of subsidiary corporation	98,000	–	98,000
	98,000	6,072	104,072
Carrying amount of non-controlling interest acquired	(98,000)	(26,618)	(124,618)
Decrease in equity attributable to equity holders of the Company	–	(20,546)	(20,546)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18 OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Accruals for operating expenses	<b>2,153,327</b>	3,245,192	<b>251,429</b>	344,803
Other payables				
– Non-related parties	<b>1,555,733</b>	2,316,923	<b>58,693</b>	24,927
– Directors of subsidiary corporations	<b>2,454</b>	100,454	–	–
– Subsidiary corporation	–	–	–	54,250
Deferred income	<b>78,980</b>	183,848	–	–
	<b>3,790,494</b>	5,846,417	<b>310,122</b>	423,980

The other payables to directors of subsidiary corporations and subsidiary corporation are unsecured, interest-free and repayable on demand and the transactions are made on normal commercial terms and conditions.

## 19 BORROWINGS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<i>Current</i>				
Lease liabilities	<b>553,639</b>	–	<b>73,047</b>	–
<i>Non-current</i>				
Lease liabilities	<b>560,925</b>	–	<b>78,102</b>	–
Total borrowings	<b>1,114,564</b>	–	<b>151,149</b>	–

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	31 December		31 December	
	2019 RM	2018 RM	2019 RM	2018 RM
6 months or less	<b>306,938</b>	–	<b>41,587</b>	–
6 – 12 months	<b>246,701</b>	–	<b>31,460</b>	–
1 – 5 years	<b>560,925</b>	–	<b>78,102</b>	–
Total borrowings	<b>1,114,564</b>	–	<b>151,149</b>	–



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 19 BORROWINGS (CONTINUED)

### (a) Fair value of non-current borrowings

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Lease liabilities	<u>560,925</u>	<u>–</u>	<u>78,102</u>	<u>–</u>

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Lease liabilities	<u>6.7%</u>	<u>–</u>	<u>6.7%</u>	<u>–</u>

The fair values are within Level 3 of the fair value hierarchy.

### (b) Reconciliation of liabilities arising from financing activities

	1 January 2019	Principal and interest payments	Non-cash changes		31 December 2019
			Adoption of SFRS(I) 16 (Note 2.1)	Interest expense	
			RM	RM	
Lease liabilities	–	(548,761)	1,571,831	91,494	1,114,564

## 20 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.

Movement in the net deferred income tax account is as follows:

	Group	
	2019 RM	2018 RM
Beginning of financial year	–	12,001
Tax credit to profit or loss (Note 9)	–	(12,001)
End of financial year	<u>–</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital RM	Treasury shares RM
<b>Group and Company</b>				
<b>2019</b>				
Beginning of financial year	160,320,000	-	27,817,984	-
Treasury shares purchased	-	(9,700)	-	(2,569)
End of financial year	<u>160,320,000</u>	<u>(9,700)</u>	<u>27,817,984</u>	<u>(2,569)</u>
<b>2018</b>				
Beginning and end of financial year	<u>160,320,000</u>	<u>-</u>	<u>27,817,984</u>	<u>-</u>

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

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

### (a) Treasury shares

The Company acquired 9,700 (2018: Nil) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was RM 2,569 (2018: Nil) and this was presented as a component within shareholder's equity.

### (b) Share Options

#### THE AXCELASIA EMPLOYEE SHARE OPTION SCHEME

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### (b) Share Options (Continued)

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

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

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

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

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

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

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

There were no options being exercised during the financial year.

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

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

### (c) Performance Share Plan

#### 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").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### (c) Performance Share Plan (Continued)

#### THE AXCELASIA PERFORMANCE SHARE PLAN (Continued)

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;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

### (c) Performance Share Plan (Continued)

#### THE AXCELASIA PERFORMANCE SHARE PLAN (Continued)

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

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

## 22 OTHER RESERVE

	Group	
	2019 RM	2018 RM
Composition:		
Currency translation reserve	<u>47,872</u>	<u>41,368</u>

The movements of currency translation reserve are as follows:

	Group	
	2019 RM	2018 RM
Beginning of financial year	41,368	46,160
Currency translation differences of financial statements of foreign subsidiary corporations	(118)	(6,409)
Currency translation differences on acquisition of additional equity interest in a subsidiary corporation	6,589	-
Less: non-controlling interests	33	1,617
End of financial year	<u>47,872</u>	<u>41,368</u>

Other reserve is non-distributable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 RETAINED PROFITS/(ACCUMULATED LOSSES)

- (a) Retained profits/(accumulated losses) net of merger reserve of the Group are distributable.
- (b) Retained profits/(accumulated losses) of the Company are distributable and the movement is as follows:

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Beginning of financial year	<b>(7,335,136)</b>	(3,493,937)
Net profit/(loss)	<b>12,512,009</b>	(3,841,199)
Dividend paid (Note 24)	<b>(986,838)</b>	–
End of financial year	<b>4,190,035</b>	<b>(7,335,136)</b>

## 24 DIVIDENDS

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<i>Ordinary dividends</i>		
<u>Axcelasia Inc.</u>		
Interim tax exempt dividend of SGD0.002 (2018: Nil) per share	<b>986,838</b>	–

At the Annual General Meeting on 17 April 2020, a final dividend of SGD0.023 per share amounting to a total of SGD3,687,137 (equivalent to approximately RM11,188,617) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2020.

## 25 CONTINGENCIES

One of the subsidiary corporation, Axcelasia Taxand Sdn. Bhd. has pledged a fixed deposit of RM 12,495 (2018: Nil) to a financial institution to obtain a bank guarantee for one of its fellow subsidiary corporation, Axcelasia Columbus Sdn. Bhd. with respect of a binding service contract with its customer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 26 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.

As at 31 December 2018, 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>Group RM</b>
Not later than one year	332,349
Between one and five years	18,374
	<u>350,723</u>

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

As disclosed in Note 2.1 to the financial statements, the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for cancelled lease.

## 27 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 2019

## 27 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:

	SGD RM	USD RM	VND RM
<b>2019</b>			
<b>Financial assets</b>			
Cash and cash equivalents	201,788	23,592	1,197
Trade and other receivables	1,534	–	213,915
	<u>203,322</u>	<u>23,592</u>	<u>215,112</u>
<b>Financial liabilities</b>			
Other payables	(8,896)	–	(278,598)
Intra-group payables	–	(132,724)	–
	<u>(8,896)</u>	<u>(132,724)</u>	<u>(278,598)</u>
<b>Net financial assets/(liabilities)</b>	<b>194,426</b>	<b>(109,132)</b>	<b>(63,486)</b>
Add: Net non-financial assets	<u>2,952</u>	<u>398</u>	<u>55,841</u>
<b>Net assets/(liabilities)</b>	<b>197,378</b>	<b>(108,734)</b>	<b>(7,645)</b>
<b>Currency profile including non-financial assets</b>	<b>197,378</b>	<b>(108,734)</b>	<b>(7,645)</b>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<b>197,378</b>	<b>(108,734)</b>	<b>(7,645)</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 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>2018</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,080,707	41,433	1,198
Trade and other receivables	14,112	–	213,915
	<u>1,094,819</u>	<u>41,433</u>	<u>215,113</u>
<b>Financial liabilities</b>			
Other payables	(36,999)	(7,193)	(278,598)
Intra-group payables	–	(132,724)	–
	<u>(36,999)</u>	<u>(139,917)</u>	<u>(278,598)</u>
<b>Net financial assets/(liabilities)</b>	1,057,820	(98,484)	(63,485)
Add: Net non-financial assets	4,755	675	106,354
<b>Net assets/(liabilities)</b>	<u>1,062,575</u>	<u>(97,809)</u>	<u>42,869</u>
<b>Currency profile including non-financial assets</b>	<u>1,062,575</u>	<u>(97,809)</u>	<u>42,869</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<u>1,062,575</u>	<u>(97,809)</u>	<u>42,869</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 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (i) Currency risk (Continued)

#### Sensitivity analysis

The strengthening of SGD and USD against MYR by 0.04% (2018: 0.03%) and 1.6% (2018: 2.3%) respectively at the reporting date would increase/(decrease) profit after tax by the amounts shown below. This analysis assume that all other variables including tax rate are held constant.

	Profit after tax	
	2019	2018
Group	RM	RM
SGD against MYR		
– Strengthened	60	242
– Weakened	(60)	(242)
USD against MYR		
– Strengthened	(1,322)	(1,710)
– Weakened	1,322	1,710

The weakening of SGD and USD against MYR by 0.04% (2018: 0.03%) and 1.6% (2018: 2.3%) 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.

As the currency exposure of VND is not significant, any change in currency exchange rate will not have material impact to the Group.

##### (ii) Equity price risk

The Group and the Company do not have exposure to equity price as it does not hold equity financial assets.

##### (iii) 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 with variable interest rates, 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 2019

## 27 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 bank deposits and trade and other receivables. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collaterals where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least 'A' rating by external credit rating companies.

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

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

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<u>By types of customers</u>		
Non-related parties	<b>9,298,801</b>	9,296,491
<u>By geographical areas</u>		
Malaysia	<b>9,298,801</b>	9,273,659
Singapore	-	12,200
Vietnam	-	10,632
	<b>9,298,801</b>	9,296,491

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

The movements in credit loss allowance are as follows:

	<b>Trade receivables RM</b>
	<hr/>
<b>Group</b>	
<b>2019</b>	
Balance at 1 January 2019	99,357
Loss allowance recognised in profit or loss during the financial year on:	
– Reversal of unutilised amount (Note 5)	(32,938)
Written off	(10,203)
	<hr/>
Balance at 31 December 2019 (Note 12)	<b>56,216</b>
	<hr/>
	<b>Trade receivables RM</b>
	<hr/>
<b>Group</b>	
<b>2018</b>	
Balance at 1 January 2018	–
Loss allowance recognised in profit or loss during the financial year on:	
– Changes in credit risk (Note 8)	99,357
	<hr/>
Balance at 31 December 2018 (Note 12)	<b>99,357</b>
	<hr/>
	<b>Other receivables RM</b>
	<hr/>
<b>Company</b>	
<b>2019</b>	
Balance at 1 January 2019	–
Loss allowance recognised in profit or loss during the financial year on:	
– Changes in credit risk	132,724
	<hr/>
Balance at 31 December 2019 (Note 12)	<b>132,724</b>
	<hr/>
<b>2018</b>	
Balance at 1 January and 31 December 2018 (Note 12)	–
	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (b) Credit risk (Continued)

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

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

	Group	
	2019 RM	2018 RM
Trade receivables from:		
– Non-related parties	<b>9,298,801</b>	9,296,491

The Group's credit risk exposure in relation to trade receivables from customers as at 31 December 2019 and 31 December 2018 are set out in the provision matrix as follows:

	Trade receivables RM	Expected loss rate	Loss allowances RM
<b>31 December 2019</b>			
Not past due	2,321,644	0%	–
Past due < 30 days	2,175,524	0%	–
Past due 31 to 90 days	1,764,912	0%	–
Past due over 90 days	3,036,721	1.85%	56,216
	<b>9,298,801</b>		<b>56,216</b>
<b>31 December 2018</b>			
Not past due	3,678,716	0%	–
Past due < 30 days	1,420,767	0%	–
Past due 31 to 90 days	1,491,944	0%	–
Past due over 90 days	2,705,064	3.67%	99,357
	9,296,491		99,357

#### (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 the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (c) Liquidity risk (Continued)

Management monitors rolling forecasts of the liquidity reserve (comprises cash and cash equivalents (Note 11)) of the Group and the Company on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these obligations and monitoring liquidity ratios.

The table below analyses the non-derivative financial liabilities of the Group and the Company 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>Less than 1 year RM</b>	<b>Between 1 and 2 years RM</b>	<b>Between 2 and 5 years RM</b>
<b>Group</b>			
<b>2019</b>			
Other payables	<b>3,711,514</b>	–	–
Borrowings	<b>609,602</b>	<b>574,812</b>	<b>5,472</b>
<b>2018</b>			
Other payables	5,662,569	–	–
<b>Company</b>			
<b>2019</b>			
Other payables	<b>310,122</b>	–	–
Borrowings	<b>80,640</b>	<b>80,640</b>	–
<b>2018</b>			
Other payables	423,980	–	–

#### (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 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 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### Financial risk factors (Continued)

#### (d) Capital risk (Continued)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net cash	<b>(18,961,140)</b>	(17,476,556)	<b>(10,960,971)</b>	(11,102,834)
Total equity	<b>33,428,957</b>	31,597,530	<b>20,705,450</b>	20,482,848
Total capital	<b>14,467,817</b>	14,120,974	<b>9,744,479</b>	9,380,014
Gearing ratio	<b>N.A.<sup>(1)</sup></b>	N.A. <sup>(1)</sup>	<b>N.A.<sup>(1)</sup></b>	N.A. <sup>(1)</sup>

(1) The cash position exceeds the total of borrowings and other payables. The Group and the Company are in net cash position for the financial years ended 31 December 2019 and 2018.

The Group and the Company are not subjected to externally imposed capital requirements for the financial years ended 31 December 2019 and 2018.

#### (e) Fair value measurements

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

#### (f) Financial instruments by category

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial assets at amortised cost	<b>33,990,275</b>	33,338,704	<b>11,844,834</b>	11,946,524
Financial liabilities at amortised cost	<b>4,826,078</b>	5,662,569	<b>461,271</b>	423,980



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 28 RELATED PARTY TRANSACTIONS

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

### (a) Sales of services

	Group	
	2019 RM	2018 RM
Rental expenses paid to related parties	<u>56,620</u>	<u>271,776</u>

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

Outstanding balances at 31 December 2019, are unsecured and receivable/payable within 12 months from the balance sheet date and are disclosed in Notes 12 and 18 respectively.

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2019 RM	2018 RM
<i>Directors of the Company</i>		
Salaries and bonus	<b>1,452,000</b>	1,452,000
Employer's contribution to defined contributions plan	<b>245,269</b>	245,560
Other short-term benefits	<b>10,800</b>	10,800
Directors' fees	<b>565,543</b>	563,760
	<u><b>2,273,612</b></u>	<u>2,272,120</u>
<i>Other key management personnel</i>		
Salaries and bonus	<b>1,893,200</b>	2,374,823
Employer's contribution to defined contributions plan	<b>244,685</b>	290,914
Other short-term benefits	<b>32,400</b>	38,400
	<u><b>2,170,285</b></u>	<u>2,704,137</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 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 profit before income tax net of interest income earned by each segment. All segment revenue and expenses are directly attributable to the segments.

The revenue from external parties reported to Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

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>2019</b>						
<b>Revenue</b>						
Sales to external parties	-	9,217,347	10,543,499	1,099,184	4,946,050	25,806,080
<b>Results</b>						
Segment results	(2,455,530)	2,518,170	2,424,130	299,752	968,855	3,755,377
Interest income	357,264	160,286	19,889	-	82,289	619,728
(Loss)/profit before income tax	(2,098,266)	2,678,456	2,444,019	299,752	1,051,144	4,375,105
Income tax expense	-	(641,373)	(643,459)	(95,643)	(275,659)	(1,656,134)
(Loss)/profit for the year	(2,098,266)	2,037,083	1,800,560	204,109	775,485	2,718,971
Segment assets	14,212,978	9,939,267	7,414,298	1,490,975	6,014,094	39,071,612
Segment assets includes: Additions of: Property, plant and equipment	4,740	44,550	129,663	4,600	105,847	289,400
Segment liabilities	461,270	1,936,636	1,454,719	210,468	1,579,562	5,642,655

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 SEGMENT INFORMATION (CONTINUED)

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

	<b>Corporate Office</b>	<b>Tax Advisory</b>	<b>Business Consultancy</b>	<b>EMS Application</b>	<b>Business Support</b>	<b>Total</b>
<b>2018</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</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

### 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>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Malaysia	<b>25,806,080</b>	25,010,009
Overseas	–	187,469
	<b>25,806,080</b>	25,197,478

	<b>Non-current assets</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Malaysia	<b>3,898,757</b>	3,067,256
Overseas	<b>58,073</b>	110,664
	<b>3,956,830</b>	3,177,920

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 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.

### Changes in accounting policy:

The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	<b>Depreciation RM</b>	<b>Finance expense RM</b>
Corporate Office	71,676	12,919
Tax Advisory	237,428	42,794
Business Consultancy	85,116	15,839
EMS Application	20,643	1,977
Business Support	99,676	17,965
	<b>514,539</b>	<b>91,494</b>

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

## 30 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 31 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 2020 and which the Group has not early adopted:

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

- Amendments to SFRS(I) 3 – Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 8: Definition of material
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

### Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

### Effective date: to be determined\*

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

*The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015.*

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.

## 32 POST BALANCE SHEET EVENT

On 11 February 2020, the Company announced the proposed divestment of the entire paid-up share capital of its subsidiary corporation, Axcelasia Taxand Sdn. Bhd. ("AT"). Upon completion of the proposed divestment, AT and its subsidiary corporations will cease to be subsidiary corporations of the Group.

The entities to be divested represent the Group's core business in Malaysia, being the provision of integrated professional services including tax advisory, business consultancy, technology tools and advisory, and business support services. AT directly holds the entire issued share capital of Axcelasia Columbus Sdn. Bhd. ("ACS"), Axcelasia Corporate Services Sdn. Bhd., Axcelasia Global Business Services Sdn. Bhd., and Agensi Pekerjaan Axcelasia Talent Sdn. Bhd.; whilst ACS directly holds the entire issued share capital of Axcelasia Softnex Sdn. Bhd. ("Axcelasia Softnex") and 51% of the issued share capital of Axcelasia HR Consulting Sdn. Bhd..

The details of the assets and liabilities divested and the effect on the cash flows for the Group will be disclosed in the financial statements for the financial year ending 31 December 2020, as the accounting for this divestment is still incomplete at the time these financial statements have been authorised for issue.

## 33 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 16 March 2020.

# SHAREHOLDER INFORMATION

AS AT 2 MARCH 2020

Issued and fully paid-up capital	:	RM27,817,984
Class of shares	:	Ordinary
Number of shares issued (including Treasury Shares)	:	160,320,000
Number of shares issued (excluding Treasury Shares)	:	160,310,300
Number/Percentage of Treasury Shares	:	9,700 (0.006%)
Number/Percentage of Subsidiary Holdings	:	Nil
Voting rights (excluding Treasury Shares)	:	One vote for each ordinary share

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholdings
1 – 99	0	0.00	0	0.00
100 – 1000	7	13.73	4,400	0.00
1,001 – 10,000	17	33.33	84,100	0.05
10,001 – 1,000,000	18	35.29	3,172,500	1.98
1,000,001 and above	9	17.65	157,049,300	97.97
Grand Total	<b>51</b>	<b>100.00</b>	<b>160,310,300</b>	<b>100.00</b>

## LIST OF 21 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	33,042,570	20.61
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	1,588,700	0.99
9. DBS NOMINEES PTE LTD	1,346,700	0.84
10. HARDIP SINGH S/O S S MAHANT	550,000	0.34
11. LIM BOON HUNG OR NG PUI SAN	381,000	0.24
12. YAP WAI JOON	380,000	0.24
13. VIJAY SRINIVASAN @ C VIJAYA SRINIVASAN	360,000	0.22
14. LIM TIONG KHENG STEVEN	265,000	0.17
15. RAFFLES NOMINEES (PTE) LIMITED	231,300	0.14
16. CHUA SIEW LIAN	220,000	0.14
17. NG CHEE KIONG	207,000	0.13
18. GUO JINJIAN	100,000	0.06
19. CHOW KAR WAH	89,100	0.06
20. LEONG YUET MEI	80,000	0.05
21. PHILLIP SECURITIES PTE LTD	80,000	0.05
<b>Total</b>	<b>159,992,700</b>	<b>99.81</b>

# SHAREHOLDER INFORMATION

AS AT 2 MARCH 2020

## 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 Deputy Executive Chairman and Executive Director, is deemed interested in the shares held by his spouse, Datin Chai Seow Lin.
- (2) Veerinderjeet Singh A/L Tejwant Singh (Dr. Veerinderjeet Singh), the Non-Executive Chairman, is deemed interested in the shares held by his spouse, Ms Rajinderpal Kaur.
- (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 2 March 2020, approximately 18.20% 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 RNN Conference Centre, 137 Cecil Street, HengDa Building, #05-01 Singapore 069537 on Friday, 17 April 2020 at 11.00 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 2019 together with the Directors’ Statement and Auditors’ Report thereon.  
**(Resolution 1)**
2. To re-elect Mr. Ranjit Singh a/l Taram Singh as a Director, who will be retiring pursuant to Article 97 of the Company’s Articles of Association.  
**(Resolution 2)**
3. To re-elect Dato’ Tang Swee Guan as a Director, who will be retiring pursuant to Article 97 of the Company’s Articles of Association.  
**(Resolution 3)**
4. To approve the payment of Directors’ fees totaling RM324,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears (2019: RM324,000). **[Explanatory Note (i)]**  
**(Resolution 4)**
5. To declare a final single tier tax exempt dividend of S\$0.023 per ordinary share for the financial year ended 31 December 2019.  
**(Resolution 5)**
6. 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 6)**
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## AS SPECIAL BUSINESS

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

8. **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 Catalyst) 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 (ii)]**

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

9. **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 (iii)]**

**(Resolution 8A)**

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 (iii)]**

**(Resolution 8B)**

By Order of the Board

Raymond Lam Kuo Wei  
Tan Ching Ching  
Company Secretaries

Singapore,  
25 March 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- i. **Resolution 4** – This Resolution is to facilitate the payment of Directors' fees during the financial year ending 31 December 2020 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 2020 ("FY2020"). Should any Director hold office for only part of FY2020 and not the whole of FY2020, the Directors' fee payable to him/her will be appropriately pro-rated.
- ii. **Resolution 7** – 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.
- iii. **Resolutions 8A & 8B** – These Resolutions, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 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) to the company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such 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.

**AXCELASIA INC.**  
(Company Registration No. LL12218)  
(Incorporated under the Labuan Companies Act 1990, 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 RNN Conference Centre, 137 Cecil Street, HengDa Building, #05-01 Singapore 069537 on Friday, 17 April 2020 at 11.00 a.m. and at any adjournment thereof.

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

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

No.	Resolutions	For*	Against*	Abstain*
<b>Ordinary Business</b>				
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Directors' Statement and Auditors' Report thereon.			
2	To re-elect Mr. Ranjit Singh a/l Taram Singh as Director of the Company.			
3	To re-elect Dato' Tang Swee Guan as Director of the Company.			
4	To approve payment of Directors' Fees for the financial year ending 31 December 2020, to be paid quarterly in arrears.			
5	To declare a final single tier tax exempt dividend of S\$0.023 per ordinary share for the financial year ended 31 December 2019.			
6	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>				
7	To approve the authority to allot and issue new shares and/or instruments.			
8A	To approve the authority to allot and issue shares under the Axcelasia Performance Share Plan.			
8B	To approve the authority to allot and issue shares under the Axcelasia Employee Share Option Scheme.			

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2020

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 25 March 2020.





# **Axcelasia**

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*ACCELERATING SUCCESS*

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