



2020

**AXINGTON
INC.**

ANNUAL REPORT

Contents

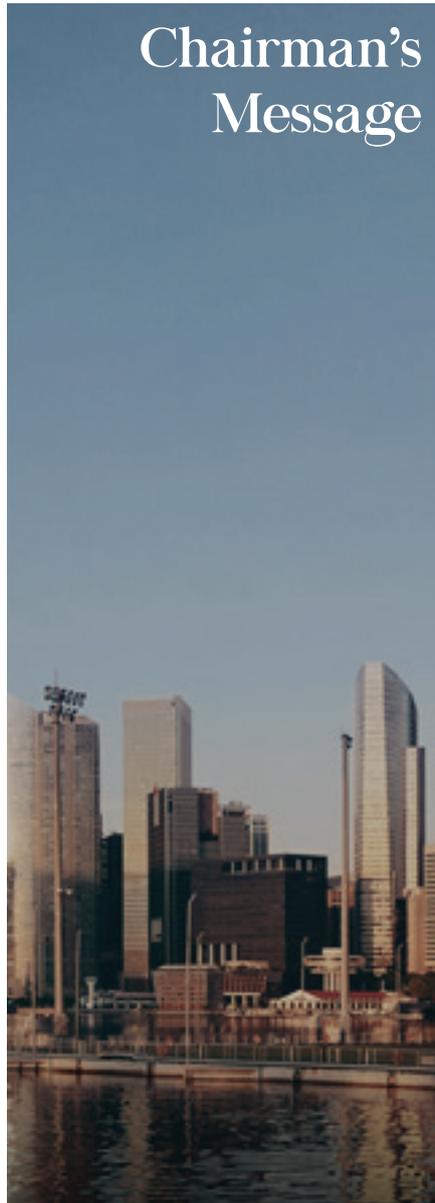
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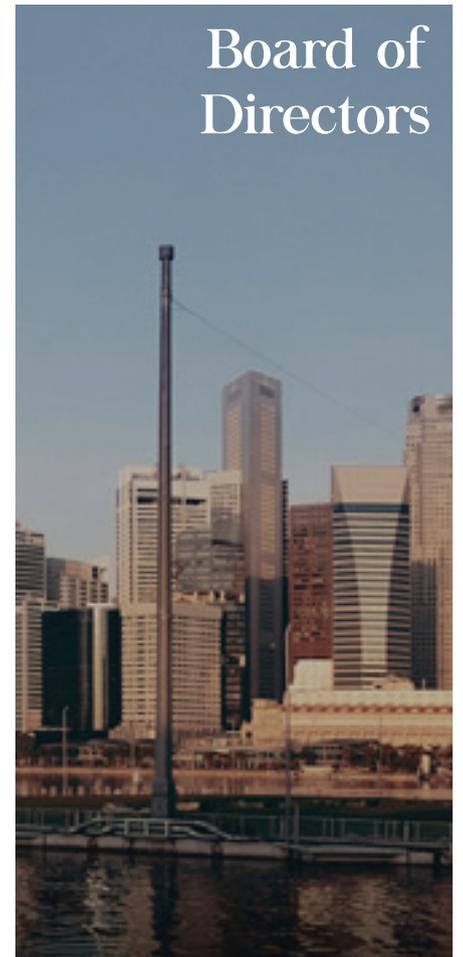
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This annual report has been prepared by Axington Inc. (the “Company”) and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “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 correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Teasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

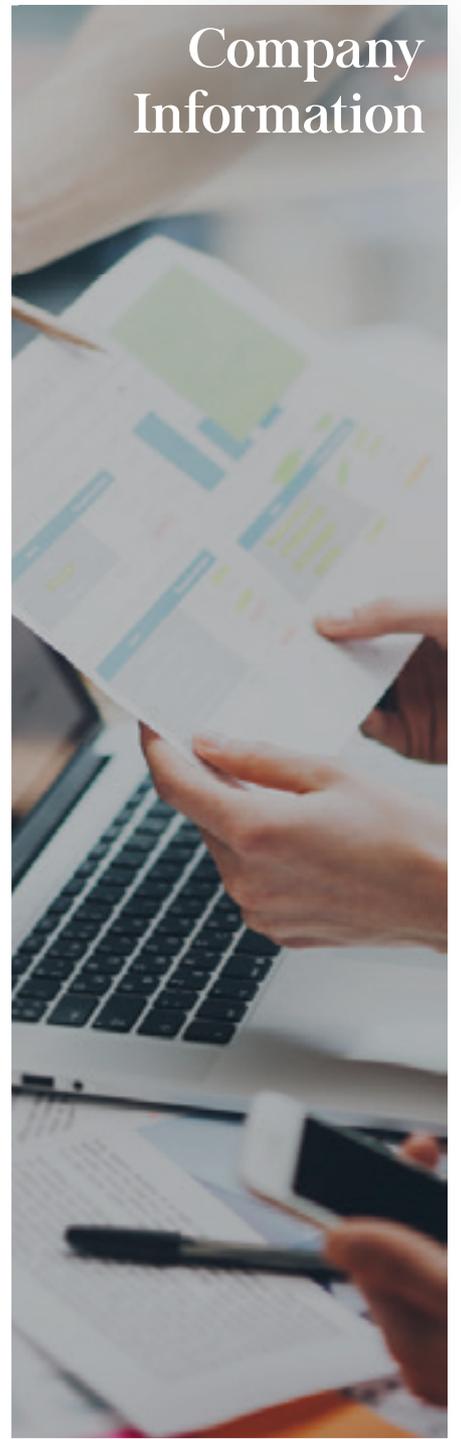
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Moving Forward With The Right Opportunities

Our relationship with our stakeholders has been built on trust and this was made possible due to the professionalism and teamwork from Axington.

Axington has always been committed to generate long term value to its shareholders by focusing on strategic and high growth business opportunities.

In the last couple years, we have stayed innovative and have focused on relationships that mattered to us.

The Group is well-equipped with the right resources to grow and tap into the right opportunities.

In 2020, Axington successfully divested its integrated professional services business.

Following the successful sale of the above, the Group has been constantly looking for opportunities to venture into other high growth business and industries in order to maximise shareholders' returns.

We want to drive and be part of change and we recognise that identifying innovative, sustainable and responsible investment and business solutions are an important part of driving that mission.



Optimism Prevails Amid Challenges

Despite having a bumpy year in FY2020, we managed to overcome various challenges that came in both internal and external forms.

Axington has managed to overcome these challenges with strong support from its resilient leadership that has always operated with our stakeholders' interest at heart and its stakeholders.

Much needed changes were introduced to stabilise the company and ensure that Axington is well placed to seek out its next stage of growth.

Chairman's Message

As a mission-driven company, we acknowledge these changes first-hand and through our core mission, we provide the best for companies looking to undergo these changes

We are in a time where changes are taking place almost constantly and rapidly. The pandemic has showed the world that being innovative and responsible, with a keen focus on sustainability, driving and adapting to the changes taking place is the only way to move forward in creating and maximising shareholders' returns.

Axington successfully divested its integrated professional services business in FY2020, and was subsequently designated a cash company in April 2021. Moving forward, Axington aims to identify and pursue high growth opportunities, both locally and beyond.

The company is hopeful to be able to unveil a new business strategy this year that is set to further benefit our stakeholders.

In the meantime, we continue to strive to practise the highest form of sustainable and responsible business practices at the highest levels of governance.

In addition, the company has always been committed to looking after the value and interest of stakeholders ensuring our interest and theirs are aligned and this will never change.

Roberto Dona

Non-Executive Chairman and
Independent Director

Board *of* Directors

Roberto Dona

Non-Executive Chairman and Independent Director

Mr Roberto was appointed as the Independent Director on 14 July 2020, and was subsequently redesignated as the Non-Executive Chairman and Independent Director on 20 November 2020. He is also the Chairman of Nominating Committee, and a member of Audit Committee and Remuneration Committee.

He is currently a Professor and Associate Dean of Professional Engagement at the Xi'an Jiantong Liverpool University, and a strategic advisor at Pelliconi Suzhou. Mr Roberto was Adjunct Professor at MIP Politecnico di Milano School of Management between 2015 to 2019, and a Faculty Member, Professor and Director of Executive Master in Business Administration Programme and

Academic Director of Double Degree Programme at Bocconi University between 1990 to 2013. As an academician with experience in strategy, Mr Roberto brings with him years of experience from the academic and strategic sector. His experience has been crucial in the company's decision-making process in manoeuvring the business landscape.

Mr Roberto also serves as a Board Member of Shanghai Chapter European Chamber of Commerce in China.

He has obtained an MBA from the SDA Bocconi School of Management and a Laurea in Scienze dell'Informazione (post-graduate in Computer Science) from the University of Milan.

Ang Chiang Meng

Executive Director

Mr Ang was appointed as the Independent Director on 20 November 2020 and was subsequently redesignated as the Executive Director on 4 June 2021. He is also a member of the Nominating Committee.

His key mission in Axington is to work with key stakeholders to develop and implement the company's business strategy and create value for the shareholders.

Mr Ang is currently the managing partner of Argile Partners Pte. Ltd., which is a regional management consultancy and turnaround firm.

He was previously a director at Borrelli Walsh Pte. Limited, a restructuring and insolvency consultancy firm, from June 2015 to April 2019 and an Assistant Vice President at DBS Bank from July 2010 to May 2015. Mr Ang comes with years of global experience in banking, corporate advisory, consultancy, and turnarounds.

Mr Ang holds a Bachelor of Science (Real Estate) from the National University of Singapore.

Teo Choon Kow @William Teo

Independent Director

Mr Teo was appointed as the Independent Director on 20 November 2020. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

He is currently a consultant providing corporate advisory work and an independent director of Wee Hur Holdings Ltd, PSL Holdings Ltd, Datapulse Technology Ltd and KitchenCulture Holdings Ltd.

From 1997 to 2004, he was the vice-president of Walden International Investment Group where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work.

He is a chartered accountant and life member of Institute of Singapore Chartered Accountants, and he holds a Master in Management from Asian Institute of Management, Philippines.

Corporate Profile



Committing To The
Highest Standards

Axington has always operated with professional integrity and committed to provide the best service to our partners and stakeholders.

Who we are

We serve by identifying innovative, sustainable, and responsible solutions that aim to elevate the quality of the communities around us.

Axington has always operated with professional integrity and committed to providing good value to our partners and stakeholders as we continue to invest and grow in a focused manner.

Axington

What we do



As the world progresses, Axington is committed to explore opportunities and expand locally and beyond and with an aspiration to deliver value no matter where we are and who we work with.

We also make sure that we carry out practices in accordance with the highest global quality standards.

Our key strengths are what set us apart from others and enables us to create sustainable value for all our stakeholders.

We rely on internal competencies and understanding of the market to seek out and pursue high growth opportunities which allow us to create sustainable value for all our stakeholders.

Integrity & Commitment

Axington Inc.

(No. LL12218)
Incorporated in Labuan

Axington
Singapore
Pte. Ltd.
90%

Axington
Lao Co., Ltd.
100%

Axington
Vietnam
Co., Ltd.
70%

Audex
Governance
Sdn. Bhd.*
100%

Formerly Known As
Axcelasia Vietnam Co., Ltd.

* in the process of striking off.

Corporate Information

COMPANY REGISTRATION NUMBER

LL12218

REGISTERED OFFICE

Lot A020, Level 1, Podium Level
Financial Park, Jalan Merdeka
87000 Federal Territory of Labuan, Malaysia
Tel no. +6087-427745 | Fax: +6087-428845
Axington@outlook.com

DIRECTORS

Non-Executive Chairman and Independent
Director (Appointed on 14 July 2020)

Roberto Dona

Executive Director
(Appointed as Independent Director on
20 November 2020 and re-designated as
Executive Director on 4 June 2021)

Ang Chiang Meng

Independent Director
(Appointed on 20 November 2020)

Teo Choon Kow @ William Teo

AUDIT COMMITTEE

Teo Choon Kow @ William Teo
Roberto Dona

NOMINATING COMMITTEE

Roberto Dona (CHAIRMAN)
Teo Choon Kow @ William Teo
Ang Chiang Meng

REMUNERATION COMMITTEE

Teo Choon Kow @ William Teo (CHAIRMAN)
Roberto Dona

SECRETARIES

Hans Corporate Services Ltd
Tan Ching Ching
Chen Chuanjian, Jason
(Appointed on 30 June 2021)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration
Services
80 Robinson Road
#02-00
Singapore 068898

CONTINUING SPONSOR

Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987

BANKERS

DBS Bank Ltd
Maybank Singapore Limited
Public Bank Berhad

AUDITOR

Foo Kon Tan LLP
Public Accountants and Chartered
Accountants

24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Partner-in-charge:
Chin Sin Beng
(Appointed from the financial year ended
31 December 2020)

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Financial Highlights

	FY2019	FY2020
INCOME STATEMENT (RM million)		
Revenue From Continuing Operations	-	0.02
Loss After Tax From Continuing Operations	(2.4)	(8.3)
Profit From Discontinued Operations, Net Of Tax	5.2	57.1
Profit For The Year	2.7	48.8
BALANCE SHEET (RM million)		
	31 December 2019	31 December 2020
Total Assets	39.1	95.2
Total Liabilities	5.6	3.4
Total Shareholders' Equity	33.4	91.8
KEY FINANCIAL RATIOS (RM cents)		
Profit Per Share	1.71	28.5
Net Asset Value Per Share	20.85 as at 31 December 2019	48.19 as at 31 December 2020

DISCONTINUED OPERATIONS

In FY2020, the Company completed the sale of the entire paid-up share capital of its subsidiary corporation, Tricor Taxand Sdn. Bhd. (“Tricor Taxand”) (previously known as Axcelasia Taxand Sdn. Bhd.) (the “Divestment”).

Following the Divestment, of which the financial results of Tricor Taxand had been recorded by the Group as “Discontinued Operations” in FY2020 and FY2019, the Group consists primarily of the Company and four subsidiaries namely Axington Singapore Pte. Ltd. (“Axington Singapore”), Axington Lao Co., Ltd, Audex Governance Sdn Bhd and Axington Vietnam Co., Ltd, which represents the Group’s continuing operations in FY2020 and FY2019.

A gain of RM57.1 million from the divestment of Tricor Taxand was recognised in FY2020.

ISSUANCE OF NEW ORDINARY SHARES

The Company also had, in FY2020, issued (i) 30,000,000 new ordinary shares to nine (9) places in respect to a subscription agreement entered into between the Company and each of the placee (“Placement”) and (ii) 150,000 new ordinary shares in relation to the compliance placement undertaken by the Company to restore the free float of the Company (“Compliance Placement”).

The net proceeds raised from the Placement and Compliance Placement will be used by the Company for business investments and acquisitions, and general working capital.

The new ordinary shares in relation to the Placement and Compliance Placement were fully issued and allotted to the subscribers at an issue price of S\$0.20 per ordinary share. However, the subscription proceeds for 5,375,000 of new ordinary shares issued to in relation to the Placement, amounting to RM3.3 million (S\$1.1 million), remain outstanding from one of the placees and the Company is currently seeking legal advice and considering all available options to resolve this matter.

FINANCIAL HIGHLIGHTS

The Group’s recorded revenue of RM0.02 million mainly from Axington Singapore due to challenging business climate.

Other income increased by RM0.3 million from RM0.36 million in FY2019 to RM0.7 million in FY2020 due to higher interest income generated from the proceeds received from the Divestment.

Total expenses increased by RM6.2 million to RM9.0 million in FY2020 from RM2.8 million in FY2019 mainly due to the recognition of higher (i) write-offs of RM2.0 million, (ii) legal and professional fees, sponsorship fees and audit fees of RM2.1 million in line with the increased in corporate actions of the Company in FY2020, (iii) unrealised foreign exchange translation loss of RM1.3 million, (iv) impairment losses recognised on plant and equipment of RM1.0 million, arising from the medical equipment purchased by the Company in FY2020 (which could not be located and physically sighted), and (v) other miscellaneous expenses comprising administration expenses, printing and stationery and tax expenses of RM0.3 million, and partially offset by a decrease in employee benefits expenses of RM0.7 million.

As a result of the above, the Group recorded a net profit attributable to shareholders of RM48.8 million in FY2020 compared to RM2.7 million in FY2019.

BALANCE SHEET

Current assets increased to RM95.1 million for FY2020 from RM35.1 million for FY2019, mainly attributable to the increase in cash and cash equivalent arising from the net proceeds received from the completion of the Divestment in April 2020 and the net proceeds from the Placement and Compliance Placement, and slightly offset by the decrease in trade and other receivables, contract assets and repayments following the Divestment.

Non-current assets decreased to RM0.07 million for FY2020 from RM4.0 million for FY2019, mainly due to impairment of property plant and equipment, lower carrying value for the right-of-use assets and the write-off of goodwill following the Divestment.

The Group's current liabilities decreased to RM3.4 million from RM5.1 million for FY2019, largely due to the decrease in tax payable, lease liabilities and other payables and accruals mainly arising from the Divestment. There were no trade payable for FY2020.

Non-current liabilities reduced from RM0.6 million for FY2019 to RMnil for FY2020 due to reclassification of lease liabilities to current liabilities following the Divestment.

CASH FLOW

Net cash used in operating activities in FY2020 was approximately RM2.1 million, which comprised mainly cash used in operating activities before working capital changes of approximately RM5.8 million and adjusted for net working capital inflow of approximately RM3.7 million. Working capital changes were mainly due to decrease in trade and other receivables and increase in other payables and accruals of approximately RM0.9 million and RM2.7 million respectively.

Net cash generated from investing activities in FY2020 was approximately RM66.3 million, mainly due to net proceeds received from the Divestment of approximately RM66.8 million, interest income received of approximately RM0.7 million, which was partially offset by the purchase of property, plant and equipment of RM1.1 million.

Net cash generated from financing activities in FY2020 was approximately RM3.6 million, mainly due to receipt of placement subscription proceeds of approximately RM15.1 million, which was partially offset against mainly dividend paid to equity holders of the Company of approximately RM11.4 million. Overall, the Group recorded a net increase in cash and cash equivalents of approximately RM67.8 million in FY2020.

As a result, cash and cash equivalents increased to RM91.7 million in FY2020 from RM23.9 million in FY2019.

Statistics of Shareholding

As at 16 June 2021

Issued and paid up capital	:	RM46,105,341 (refer to Note 10 of the Audited Financial Statement)
Class of shares	:	Ordinary
Number of shares issued (including Treasury Shares)	:	190,470,000
Number of shares issued (excluding Treasury Shares)	:	190,460,300
Number/Percentage of Treasury Shares	:	9,700 (0.005%)
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	0	0
100 – 1000	45	42.86	16,200	0.01
1,001 – 10,000	15	14.28	77,100	0.04
10,001 – 1,000,000	37	35.24	7,168,000	3.76
1,000,001 and above	8	7.62	183,199,000	96.19
Grand Total	105	100.00	190,460,300	100.00

LIST OF 21 LARGEST REGISTERED SHAREHOLDERS (as shown in the Register of Members)

	Name of Shareholder	No. of Shares	% of Shareholdings
1.	DBS NOMINEES PTE LTD	142,000,630	74.56
2.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	15,254,900	8.01
3.	DORR GLOBAL HEALTHCARE INTERNATIONAL PTE LTD	7,723,170	4.06
4.	TAN SU LING ADELE	6,250,000	3.28
5.	WONG FONG HONG VINCENT	6,250,000	3.28
6.	LOW CHIN YEW	2,500,000	1.31
7.	UOB KAY HIAN PTE LTD	2,179,500	1.14
8.	PHILLIP SECURITIES PTE LTD	1,040,800	0.55
9.	OR KIM PEOW	1,000,000	0.53
10.	TAN CHUU SI (CHEN ZHUXI)	970,000	0.51
11.	NG ING-YONG BRIAN (HUANG YINGRONG)	625,000	0.33
12.	TANG THIAN FATT	402,800	0.21
13.	CHAN HEANG KNG CALVIN (ZENG XIANQIN CALVIN)	400,000	0.21
14.	TAN YEE WEAL (CHEN YIHUI)	376,000	0.20
15.	ZHENG YIBO	315,800	0.17
16.	CHER MOY ENG	300,000	0.16
17.	FU YANHUA	281,000	0.15
18.	RAFFLES NOMINEES (PTE) LIMITED	276,300	0.15
19.	CITIBANK NOMINEES SINGAPORE PTE LTD	250,000	0.13
20.	THOMAS CHAN HO LAM	250,000	0.13
	Total	188,645,900	99.07

Statistics of Shareholding

As at 16 June 2021

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest		Total
	No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings	%
Dorr Global Healthcare International Pte. Ltd.	148,335,700	77.88	-	-	77.88
Mr. Terrace Loh Ne-Wei ⁽¹⁾	-	-	148,335,700	77.88	77.88

Notes:

- (1) Mr. Terence Loh Ne-Wei is a shareholder of Dorr Global Healthcare International Pte. Ltd. and accordingly is deemed to be interested in the shares held by Dorr Global Healthcare International Pte. Ltd. by virtue of Section 4 of the SFA.

PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 16 June 2021, approximately 22.12% 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.

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

The Board of Directors of Axington 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 2020 (“FY2020”), with specific reference made to the principles of the Code of Corporate Governance 2018 (the “Code”).

For FY2020, 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 is entrusted to lead, oversee and act in the best interests of the Group. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. In addition to its statutory duties, the Board’s principal functions are to:

- provide entrepreneurial and strategic leadership including setting strategic objectives;
- develop, decide and approve strategic plans and key business initiatives including major investments and funding requirements;
- ensure necessary financial and human resources are in place for the Group to implement strategic plans and key business initiatives to meet its strategic objectives;
- monitor, review and ensure management performance;
- identify and work with key stakeholder groups to ensure alignment of interest and recognise that their perceptions affect the Company’s reputation;
- establish and maintain prudent and effective internal controls and risk management system to protect shareholders and the Company’s interests;
- set the Group’s values and standards (including ethical standards) and ensure that obligations to shareholders are understood and duly met;

- consider sustainability issues as part of its strategic formulation; and
- ensure compliance with the Code, Company’s Constitution, listing rules, accounting standards and other relevant statutes and regulations.

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 newly appointed Directors would be briefed by the Board 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. In addition, the orientation programme will allow the newly appointed Directors to get acquainted with the management which aims to facilitate interaction and ensure that all Directors have independent access to management.

The Company will arrange the SGX-ST’s prescribed training for newly appointed Directors with no prior experience as a director of a listed company on the SGX-ST.

The current Board comprises Mr Roberto Dona, Mr Teo Choon Kow @William Teo (“**Mr William Teo**”) and Mr Ang Chiang Meng, who were all appointed in FY2020. Mr William Teo had prior experience as a director of a company listed on the SGX-ST. Mr Roberto Dona and Mr Ang Chiang Meng do not have prior experience as a director of a company listed on the SGX-ST and subsequent to their appointment, had attended the following requisite mandatory courses conducted by Singapore Institute of Directors:

Modules	Date of Completion	
	Mr Roberto Dona	Mr Ang Chiang Meng
LED 1 – Listed Entity Director Essentials	1 March 2021	1 March 2021
LED 2 – Board Dynamics	3 March 2021	3 March 2021
LED 3 – Board Performance	20 May 2021	4 March 2021
LED 4 – Stakeholder Engagement	21 May 2021	5 March 2021
LED 5 – Audit Committee Essentials	Pending completion ⁽¹⁾	11 March 2021
LED 7 – Nominating Committee Essentials	16 March 2021	16 March 2021
LED 8 – Remuneration Committee Essentials	17 March 2021	17 March 2021

Note:

- (1) Mr Roberto Dona is scheduled to attend his last mandatory requisite course (Audit Committee Essentials) on 21 July 2021 and was unable to do so before 14 July 2021 due to conflicts between the course date and his work commitments.

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 will be borne by the Company.

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.

Delegation of Authority to Board Committees: 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 composition of the Board Committees as at date of this report is set out below:

Designation	AC	NC	RC
Chairman	-	Roberto Dona	William Teo
Member	Roberto Dona	William Teo	Roberto Dona
Member	William Teo	Ang Chiang Meng	-

Mr. Ang Chiang Meng was appointed as an Independent Director and Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee on 20 November 2020. Mr. Ang has been re-designated as the Executive Director and has also step down as Chairman of the Audit Committee and a member of the Remuneration Committee on 4 June 2021. Following the re-designation, the Company will seek to appoint an additional independent director onto the Board and to fill the vacancy in the respective Board Committees by 3 August 2021, but in any case, no later than 3 September 2021 to comply with, amongst others, the relevant Catalist Rules and the Code.

The Company held its Board meetings on 29 January 2020, 24 February 2020, 22 April 2020, 29 May 2020, 4 June 2020, 14 July 2020, 24 July 2020, 24 September 2020, 6 November 2020, 23 November 2020, 27 November 2020 and 24 December 2020. The AC meetings were held on 24 February 2020, 22 April 2020 and 24 July 2020. The NC meetings were held on 24 February 2020, 22 April 2020 and 14 July 2020, and the RC meeting was held on 24 February 2020.

Corporate Governance Report

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 FY2020 and the attendance of each Board member are shown below:

	Board	AC	NC	RC
Number of Meetings Held	12	3	3	1
Name of Director	Number of Meetings Attended			
Mr. Roberto Dona ⁽¹⁾	6	1	-	-
Mr. William Teo ⁽²⁾	2	-	-	-
Mr. Ang Chiang Meng ⁽³⁾	3	-	-	-
Mr. Low Junrui ⁽⁴⁾	3	-	-	-
Ms. Shen, Che ⁽⁵⁾	1	1	-	-
Ms. Marjory Loh Erchang ⁽⁶⁾	1	1	-	-
Mr. Wong Soon Yuh ⁽⁷⁾	1	1	-	-
Mr. Chua Siong Kiat ⁽⁸⁾	1	1	-	-
Mr. Kirk W Wagar ⁽⁹⁾	-	-	-	-
Dr. Veerinderjeet Singh a/l Tejwant Singh ⁽¹⁰⁾	6	2	3	1
Dato' Tang Swee Guan ⁽¹¹⁾	6	2	3	1
Mr. Ranjit Singh a/l Taram Singh ⁽¹²⁾	6	2	3	1
Mr. Tan See Yin ⁽¹³⁾	6	2	3	1
Datin Ishadirah Binti Ishak ⁽¹⁴⁾	6	2	3	1
Ms. Lee Pih Peng ⁽¹⁵⁾	5	2	2	1

* By invitation

- (1) Mr. Roberto Dona was appointed on 14 July 2020.
- (2) Mr. William Teo was appointed on 20 November 2020.
- (3) Mr. Ang Chiang Meng was appointed on 20 November 2020.
- (4) Mr. Low Junrui was appointed on 14 July 2020 and resigned with effect from 20 November 2020.
- (5) Ms. Shen, Che was appointed on 14 July 2020 and resigned with effect from 30 August 2020.
- (6) Ms. Marjory Loh Erchang was appointed on 14 July 2020 and resigned with effect from 28 August 2020.
- (7) Mr. Wong Soon Yuh was appointed on 14 July 2020 and resigned with effect from 28 August 2020.
- (8) Mr. Chua Siong Kiat was appointed on 14 July 2020 and resigned with effect from 30 August 2020.
- (9) Mr. Kirk W Wagar was appointed on 21 July 2020 and resigned with effect from 26 August 2020.
- (10) Dr. Veerinderjeet Singh a/l Tejwant resigned with effect from 14 July 2020.
- (11) Dato' Tang Swee Guan resigned with effect from 14 July 2020.
- (12) Mr. Ranjit Singh a/l Taram Singh resigned with effect from 14 July 2020.
- (13) Mr. Tan See Yin resigned with effect from 14 July 2020.
- (14) Datin Ishadirah Binti Ishak resigned with effect from 14 July 2020.
- (15) Ms. Lee Pih Peng resigned with effect from 14 July 2020.

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.

Matters Requiring Board Approval: The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, investments and divestments, material contracts, fund raising, material corporate policies, interested party transactions, material regulatory and compliance matters and release of periodic financials.

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:

Information	Frequency
Updates to Group's operations and key business initiatives	Quarterly
Reports on on-going or planned corporate actions	As and when applicable
Internal audit report	As and when available
Business plans	As and when available
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.

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.

As at the date of this report, the Board comprises three members, as follows:

Mr. Roberto Dona	Non-Executive Chairman and Independent Director
Mr. William Teo	Independent Director
Mr. Ang Chiang Meng	Executive Director

Mr. Ang Chiang Meng was appointed as an Independent Director on 20 November 2020 and has been re-designated as the Executive Director with effect from 4 June 2021. Following such redesignation, the Company will seek to appoint an additional independent director onto the Board and to fill the vacancy in the respective Board Committees by 3 August 2021, but in any case, no later than 3 September 2021 (the "**Stipulated Timeline**") to comply with, amongst others, the relevant Catalist Rules and the Code.

As at the date of this report, the Board comprises three Directors of which two (66.6%) are Independent Directors and the Company is compliance with the Code.

The Board has an Independent Non-Executive Chairman, Mr. Roberto Dona, who is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Director or management has failed to resolve, or is inappropriate. More than 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.

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.

The Independent Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel including Executive Director to discuss concerns or matters such as the effectiveness of management. The Chairman of the meeting provides feedback to the Board and/or Executive Director as appropriate.

For FY2020, the 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 Board is of the view that the current Board size of three members, which will be increased to four members, is appropriate taking into account the nature and scope of the Group's operations.

The current Board composition provides an appropriate balance and diversity of skills, experience and knowledge. Details of the Directors' academic and professional qualifications and other appointments are set out on page 8 to 10 of this report.

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 Executive Director 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 Executive Director are not related to each other.

The Executive Director is responsible for overseeing the strategic positioning of the Group and manages the day-to-day operations of the Group. 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 comprises at least three directors, the majority of whom, including the NC Chairman are independent.

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 and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- 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 NC also ensures that new directors are aware of their duties and obligations.

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 FY2020.

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:

Process for the Selection and Appointment of New Directors

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"> • the skills, experience, expertise and personal trait that will best complement Board effectiveness. • the existing composition of the Board, aimed at providing the Board the benefits of diversity among its Directors; and • 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.
Search for suitable candidates	<ul style="list-style-type: none"> • The NC will furnish to all Directors a comprehensive background information in relation to a candidate; and • The NC would consider external search organisations for identification of potential Director candidates, if deemed necessary.
Assessment of shortlisted candidates	<ul style="list-style-type: none"> • 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).
Appointment of Director	<ul style="list-style-type: none"> • The NC would recommend the selected candidate to the Board for consideration and approval; and • All Board appointments should be formalised by letter in the standard format as approved by the Board from time to time.

Process for the Re-electing Incumbent Directors

Assessment of Director	<ul style="list-style-type: none"> The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and The NC would also consider the current needs of the Board.
Re-appointment of Director	<ul style="list-style-type: none"> 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.

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 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 to be nominated for re-election are as follows:

Name of Director	Designation	Date of Initial Appointment	Date of Last Re-Election
Roberto Dona	Non-Executive Chairman and Independent Director	14 July 2020	N.A
William Teo	Independent Director	20 November 2020	N.A
Ang Chiang Meng	Executive Director	20 November 2020	N.A

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
Date of Initial Appointment	14 July 2020	20 November 2020	20 November 2020
Date of last re-appointment	N.A.	N.A.	N.A.
Age	60	74	36
Country of principal residence	China	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Roberto Dona as Non-Executive Chairman and Independent Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Roberto Dona's qualifications, expertise, past experiences and overall contribution.	The re-election of Mr. Teo Choon Kow @ William Teo ("Mr. Teo) as Independent Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Teo's qualifications, expertise, past experiences and overall contribution.	The re-election of Mr. Ang Chiang Meng ("Mr Ang") as Executive Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Ang's qualifications, expertise, past experiences and overall contribution.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Executive. Area of responsibility: To oversee the strategic positioning and manage the day-to-day operations of the Group
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Independent Director Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee	Independent Director Chairman of Remuneration Committee and a member of the Nominating Committee and Audit Committee.	Executive Director Member of the Nominating Committee

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
Professional qualifications	MBA, SDA Bocconi School of Management Laurea in Scienze dell'Informazione (Postgraduate in Computer Science), University of Milan	The Association of Certified Accountants (UK) Master in Management, Asian Institute of Management, Manila, Philippines Life member, Institute of Singapore Chartered Accountants	Bachelor of Science (Real Estate), National University of Singapore
Working experience and occupation(s) during the past 10 years	2013 to Present: Professor, Associate Dean of Professional Engagement, Xi'an Jiantong Liverpool University 2015 to Present: Strategic Advisor, Pelliconi Suzhou 2015 to 2019: Adjunct Professor, MIP Politecnico di Milano School of Management 1990 to 2013: Faculty Member/ Professor/ Director of Executive Master in Business Administration Programme/ Academic Director of Double Degree Programme, Bocconi University	Mr Teo has retired since 2004 and has been focusing on his independent directorships in Singapore-listed companies and on other commitments. Please refer to "Other Principal Commitments including Directorships" for more details.	May 2019 to Present: Managing Partner, Argile Partners Pte. Ltd. June 2015 – April 2019: Director, Borrelli Walsh Pte. Limited July 2010 – May 2015: AVP, DBS Bank
Shareholding interest in the listed issuer and its subsidiaries	Nil.	Nil	Nil

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
<p>Other Principal Commitments* Including Directorships</p> <p>* The term “principal commitments” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.</p>			
Past (for the last 5 years)	None	<p>CWX Global Limited (formerly known as Loyz Energy Ltd)</p> <p>Ascendent Technologies Pte. Ltd.</p> <p>Fral Ballistics Pte. Ltd.</p> <p>Oio Holdings Limited (formerly known as DLF Holdings Limited)</p>	<p>BWP Meruap Pte. Limited</p> <p>ACG (South Bengara-I) Pte. Ltd.</p> <p>Samudra Energy International Pte. Ltd.</p> <p>Opus Offshore Pte. Ltd.</p> <p>Opus Tiger 4 Pte. Ltd.</p> <p>Opus Tiger 1 Pte. Ltd.</p> <p>Opus Tiger 2 Pte. Ltd.</p> <p>Opus Tiger 3 Pte. Ltd.</p> <p>SDA Mangkalihat Pte. Ltd.</p>

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
		<p>Other Principal Commitments: Anchorvale Community Club Management Committee – Patron. Sengkang West Citizens' Consultative Committee – Vice Chairman</p>	<p>SDA South Bengara II Pte. Ltd. Opus Offshore Ventures Pte. Ltd. Opus Mercur Pte. Ltd. Opus Venus Pte. Ltd. Songa Opus Offshore Drilling Pte. Ltd. South Sumatra Ventures Pte. Ltd. South Sumatra Energy Ventures Pte. Ltd. Opus Offshore Drilling India Pte. Ltd. Opus Offshore Drilling M.E. Pte. Ltd. Light Box Treasury Pte. Ltd. Samudra Energy Limited SMS Development Limited SMS Offshore Overseas Limited Aura Violet International Ltd. Tilegarre Corporation Dorato Fiore Pacifico Evason Bay Corporation Privilege Missions Inc. Samudra Energy Meraup Ltd. Samudra Energy Onshore Sumatra Ltd. Samudra Energy South Bengara Ltd. Samudra Energy East Kalimantan Limited Samudra Energy Mangkaihat Limited Samudra Energy Pilona Limited Samudra Energy Tanjung Lontar Ltd. Yuehai Trade Resources Development Co., Ltd Taixin Imports and Exports Trading Development Co., Ltd Lava Marketing Holding Pte. Ltd.</p>

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
Present	None	<p>Wee Hur Holdings Ltd. PSL Holdings Limited Zunhou Capital Pte. Ltd. Kitchen Culture Holdings Ltd. Datapulse Technology Limited</p> <p>Other Principal Commitments: Sengkang West Community Development and Welfare Fund – Chairman Ang Mo Kio Town Council – Chairman of Finance Committee Management Pei Hwa Secondary School – School Advisory Council Member</p>	<p>Hundred Thoughts Pte. Ltd. Argile Asia Partners Pte. Ltd. Argile Partners Pte. Ltd. PT Argile Asia Partners Argile Partners Sdn. Bhd. Shanghai Nizhi Guanli Zixun Co., Ltd. Eagle Landing Pte. Ltd. Red & Orange Company Pte. Ltd. RO Corporate Services Pte. Ltd. SEA Special Situations Pte. Ltd. Brewin Mesa Pte. Ltd.</p>
<p>Information required pursuant to Catalyst Rule 704(6) 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	No

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
<p>(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?</p>	<p>No</p>	<p>Yes</p> <p>Mr. Teo served as an independent director in Hongwei Technologies Limited ("HTL") from June 2011 to March 2012. HTL had, on 13 December 2011, presented a petition to the Supreme Court of Bermuda for, <i>inter alia</i>, the appointment of joint provisional liquidators with the objectives of securing and safeguarding the assets of HTL. HTL was eventually delisted from the SGX-ST on 3 January 2014. Please refer to paragraph j(i) for more information on HTL.</p>	<p>Yes.</p> <p>As part of his role as a restructuring professional with Borrelli Walsh Pte. Limited ("Borrelli"), Mr. Ang was appointed as a director of Opus Offshore Pte. Ltd., Opus Offshore Drilling M.E. Pte. Ltd., Opus Offshore Drilling India Pte. Ltd., Opus Offshore Ventures Pte. Ltd., Opus Venus Pte. Ltd., Opus Mercur Pte. Ltd., and Songa Opus Offshore Drilling Pte. Ltd. (collectively known as the "Opus Entities") in February 2017 to drive the restructuring of the Opus group of companies. Mr. Ang resigned as a director of the Opus Entities following his resignation from Borrelli in April 2019. Subsequent to Mr. Ang's resignation, the restructuring of the Opus group of companies did not materialise given the state of the oil and gas industry, and the Opus Entities were subsequently either dissolved via compulsory winding up (insolvency) or creditors' voluntary winding up, or in liquidation via creditors' voluntary winding up.</p>
<p>(c) Whether there is any unsatisfied judgment against him?</p>	<p>No</p>	<p>No</p>	<p>No</p>

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
(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	No
(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	No

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
(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	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	No

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
(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	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	No

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
<p>(i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(l) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p>	<p>No</p>	<p>Delisting of FM Holdings Limited</p> <p>Mr. Teo served as an independent director of FM Holdings Limited (“FM Holdings”) from 1 August 2008 to 30 July 2009, and from 23 October 2009 to 20 January 2010. Mr. Teo, together with another independent director, resigned from the board of FM Holdings on 20 January 2010 as they were concerned that they could not effectively discharge their duties because of the lack of information and transparency by the management of FM Holdings. PrimePartners Corporate Finance Pte. Ltd., the then sponsor of FM Holdings, had also given notice to resign with effect from 18 January 2010 for the same reason. On 29 July 2010, the SGX-ST issued a directive for the delisting of FM Holdings due to failure in engaging a sponsor for more than three months as required by the Catalist Rules. FM Holdings was delisted on 13 October 2010.</p>	<p>No</p>

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
		<p>Special Audit of HTL</p> <p>Mr. Teo served as an independent director in HTL from June 2011 to March 2012. A special auditor was appointed on 29 March 2011 to investigate the affairs of HTL concerning issues pertaining to the cash and bank balances confirmation in HTL's China-incorporated subsidiary. The executive summary of the findings was announced on 22 October 2011. Mr. Teo was not a subject of the special audit. Mr. Teo, together with other members of the board, oversaw the special audit.</p> <p>Special Audit of HB Global Limited</p> <p>Mr. Teo served as an independent director in HB Global Limited ("HBG"), a company listed on Bursa Malaysia ("Bursa"), from 24 August 2012 to 31 December 2013. HBG had failed to submit its annual audited accounts for FY2012 to Bursa within the stipulated timeframe, i.e. by 30 April 2013, as the audit was still in progress. On 7 May 2013, HBG's auditors had issued a disclaimer audit opinion on the FY2012 accounts as it was unable to reconcile the bank balance of HBG's subsidiary and HBG's trade receivables and trade payables. On 8 May 2013, Bursa had directed HBG to appoint a special auditor to investigate the affairs of HBG, in particular, its financials, and to identify any potential irregularities. On 21 October 2013, key findings of the special audit</p>	

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
		<p>were announced by HBG and the findings were contrary to the previous auditors' disclaimer of opinion. On 26 November 2013, Bursa directed HBG to conduct a special audit on its inventories. The key findings were subsequently announced on 24 February 2014, and it was noted that no material exceptions were found in the second special audit. Mr. Teo was not a subject of the special audit. Mr. Teo had, in his capacity as independent director, supervised the special audit together with the other members of the board during his appointment period.</p>	
(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	No
(III) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

Corporate Governance Report

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
<p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No

Corporate Governance Report

NAME OF DIRECTOR	MR. ROBERTO DONA	MR. TEO CHOON KOW @ WILLIAM TEO	MR. ANG CHIANG MENG
<p>Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Not applicable as this relates to re-appointment of Director.</p>	<p>Not applicable as this relates to re-appointment of Director.</p>	<p>Not applicable as this relates to re-appointment of Director.</p>
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Not applicable as this relates to re-appointment of Director.</p>	<p>Not applicable as this relates to re-appointment of Director.</p>	<p>Not applicable as this relates to re-appointment of Director.</p>

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 17 to 30 of this annual 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.

Performance Criteria	Board and Board Committees	Individual Directors
Qualitative	Size and composition Access to information Board processes Inputs to strategic planning Board accountability Risk management Succession planning	Commitment of time Knowledge and abilities Teamwork Independence (if applicable) Overall effectiveness Engagement with Management
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 FY2020, 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.

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 and the Board Committees had on a whole met its performance objectives for FY2020.

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"). Following the re-designation of Mr Ang Chiang Meng as an Executive Director on 4 June 2021, the RC currently comprises of two (2) directors, all of which are independent non-executive directors. The Company will seek to appoint an additional independent director onto the Board and to fill the vacancy in the RC by the Stipulated Timeline.

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 FY2020 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 is 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.

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 remunerations have been formulated to attract, retain and motivate executives to successfully manage the Company.

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.

Remuneration Structure of Executive Director

The service agreement for the Executive Director is valid for six (6) months and will be automatically extended for another six (6) months. Pursuant to which the remuneration for the Executive Director comprises a basic salary component and a variable component, based on the completion of certain strategic initiatives. The Executive Director does not receive Directors’ fees.

Remuneration Structure of Key Management Personnel

Due to the cash company status of the Company, save for the Executive Director, there are currently no key management personnel within the Group. The service agreements of the key management personnel (if any) are envisaged to be generally short term contracts which are rolled over periodically depending on the requirements of the Company and comprises primarily of a basic salary component.

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 FY2020 was as follows:

Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Other Benefits (%)	Total (%)
Below or equal to S\$250,000					
Mr. Roberto Dona ⁽¹⁾	-	-	100%	-	100%
Mr. Ang Chiang Meng ⁽²⁾	-	-	100%	-	100%
Mr. William Teo ⁽³⁾	-	-	100%	-	100%
Mr. Low Junrui ⁽⁴⁾	-	-	100%	-	100%
Ms. Shen, Che ⁽⁵⁾	-	-	-	-	-
Ms. Marjory Loh Erchang ⁽⁶⁾	-	-	-	-	-
Mr. Wong Soon Yuh ⁽⁷⁾	-	-	-	-	-
Mr. Chua Siong Kiat ⁽⁸⁾	-	-	-	-	-
Mr. Kirk W Wagar ⁽⁹⁾	-	-	-	-	-
Dr. Veerinderjeet Singh a/l Tejwant Singh ⁽¹⁰⁾	-	-	100%	-	100%
Dato' Tang Swee Guan ⁽¹¹⁾	84%	-	-	16%	100%
Mr. Ranjit Singh a/l Taram Singh ⁽¹²⁾	78%	-	8%	14%	100%
Mr. Tan See Yin ⁽¹³⁾	-	-	100%	-	100%
Datin Ishadirah Binti Ishak ⁽¹⁴⁾	-	-	100%	-	100%
Ms. Lee Pih Peng ⁽¹⁵⁾	-	-	100%	-	100%

Notes:

- (1) Mr. Roberto Dona was appointed as an Independent Director on 14 July 2020 and re-designated as Non-Executive Chairman and Independent Director on 20 November 2020.
- (2) Mr. Ang Chiang Meng was appointed as an Independent Director on 20 November 2020 and re-designated as Executive Director on 4 June 2021.
- (3) Mr. William Teo was appointed as an Independent Director on 20 November 2020.
- (4) Mr. Low Junrui was appointed as an Independent Director on 14 July 2020 and resigned with effect from 20 November 2020.
- (5) Ms. Shen, Che was appointed as Non-Independent Non-Executive Chairman on 14 July 2020 and resigned with effect from 30 August 2020.
- (6) Ms. Marjory Loh Erchang was appointed as Executive Director on 14 July 2020 and resigned with effect from 28 August 2020.
- (7) Mr. Wong Soon Yuh was appointed as Non-Executive Director on 14 July 2020 and resigned with effect from 28 August 2020.
- (8) Mr. Chua Siong Kiat was appointed as Lead Independent Director on 14 July 2020 and resigned with effect from 30 August 2020.
- (9) Mr. Kirk W Wagar was appointed as Independent Director on 21 July 2020 and resigned with effect from 26 August 2020.
- (10) Dr. Veerinderjeet a/l Tejwant Singh resigned as Non-Independent Non-Executive Chairman with effect from 14 July 2020.
- (11) Dato' Tang Swee Guan resigned as Deputy Executive Chairman and Executive Director with effect from 14 July 2020.

- (12) Mr. Ranjit a/l Taram Singh resigned as Non-Independent Non-Executive Director with effect from 14 July 2020.
- (13) Mr. Tan See Yin resigned as Independent Director with effect from 14 July 2020.
- (14) Datin Isharidah Binti Ishak resigned as Independent Director with effect from 14 July 2020.
- (15) Ms. Lee Pih Peng resigned as Independent Director with effect from 14 July 2020.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2020.

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.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2020 was as follows:

Name	Salary (%)	Bonus (%)	Directors' Fees (%)	Other Benefits (%)	Total (%)
Below or equal to S\$250,000					
Mr. Sivaruban@Ruban a/l Kandasamy ⁽¹⁾	100%	-	-	-	100%
Ms. Leow Mui Lee ⁽²⁾	100%	-	-	-	100%
Mr. Lee Siew Weng ⁽²⁾	100%	-	-	-	100%
Datin Chai Seow Lin ⁽²⁾	100%	-	-	-	100%

Notes:

- (1) Resigned with effect from 22 April 2020.
- (2) Resigned with effect from 30 April 2020.

The Company has decided not to disclose the total remuneration (in dollar terms) of these top four (4) key management personnel for FY2020 as they are no longer employees of the Company, and moreover, such disclosure may hamper the Group's ability to attract talent in a competitive environment. Datin Chai Seow Lin is the spouse of Dato' Tang Swee Guan, the previous Deputy Executive Chairman and Executive Director of the Company. The remuneration of Datin Chai Seow Lin in FY2020 was below S\$100,000.

The Company does not currently have any key management personnel.

Other than as disclosed, there was no employee of the Group who is a substantial shareholder of the Company or who was an immediate family member of a Director, or the CEO or a substantial shareholder whose remuneration exceeded S\$100,000 in FY2020.

Despite its deviation from Provision 8.1 of the Code, the Company is of the view that it has provided a high level of transparency on remuneration matters, which is in line with the intent of Principle 8 of the Code

Information on the Company's Performance Share Plan and Employee Share Option Scheme is set out on pages 48 to 50 of this Annual Report. The Company did not grant any option or award any shares during FY2020.

The remuneration received by the Executive Directors and previous key management personnel takes into consideration his or her individual contribution towards the overall performance of the Group for FY2020. 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.

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 has oversight of the risk management system in the Group. The practice of risk management is undertaken by management under the purview of the Board. The Group has put in place appropriate risk management processes to evaluate the operating and financial risks of the Group. The management regularly reviews the Group's activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. All significant matters are highlighted and discussed with the Board for the development of appropriate solutions for implementation.

The Board reviews the adequacy and effectiveness of the Group's risk management systems and internal controls framework on an annual basis.

The Board has received assurance from the Executive Director in respect of FY2020 that:

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

The Board and the AC have considered the current cash company status of the Company together with the existing internal controls and are of the opinion that the internal controls are adequate and effective to address the risks which comprise mainly financial, operational, compliance risks which the Company considers relevant and material to its current status and environment based on the following:

- In the absence of a management, assurance has been received from the Executive Director and supporting team that they are responsible for the adequacy and effectiveness of the Group's risk management and internal control systems;
- The Executive Director regularly evaluates, monitors and reports to the AC and the Board on material risks; and

- Discussions were held between the AC and auditors in the absence of the Management to review and address any potential concerns.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Following the resignation of the previous Board and the departure of key management personnel, the current Board was unable to obtain the complete records, documentations, and policies in relation to the Group.

However, based on the limited records obtained and the review conducted by the AC, the key material weakness identified by the AC was the lack of dual signatories for payments from the Company's bank accounts. Payments made to third party entities were authorised and approved by a single bank account signatory. The current Board, among others, had updated the bank accounts operating mandate to require a joint authorisation for all payments to be made from the Company's bank accounts and have also implemented an authorisation threshold to mitigate such weakness.

In addition to the above and in the absence of key management personnel, the Executive Director meets with the external service providers and the independent directors on a regular basis to discuss administrative, business and strategic matters. During these meetings, potential projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Any significant issues identified from these meetings are brought to the attention of the Board.

Save as disclosed above, based on the review and supervision under the Board, the existing internal controls in place and the assurance received from the Executive Director, the Board, together with the concurrence of the AC, is of the opinion that, for FY2020, the internal controls in place in the Group to address risks relating to financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

b. Audit Committee

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

Following the re-designation of Mr Ang Chiang Meng as an Executive Director on 4 June 2021, the AC currently comprises of two (2) directors, all of which are Independent 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 Company will seek to appoint an additional independent director onto the Board and to fill the vacancy in the AC by the Stipulated Timeline.

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);
- Review the assurance from the Executive Director and the CFO (where applicable) on the financial records and financial statements;
- Coordinate with the Executive Director 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 adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;
- 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 EA;
- Review the co-operation given by management to EA, where applicable;
- 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 or other matters 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 has full authority to investigate any matter within its terms of reference, full access to and co-operation from the management and full discretion to invite any director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC also meets regularly with the management, the Executive Director and EA to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the AC meets with the EA without the presence of the management and Executive Director, to review any matters that might be raised privately. The AC had met with the EA in the absence of management and Executive Director for FY2020.

Messrs Foo Kon Tan LLP ("FKT") was appointed as EA for FY2020 after AC's assessment, and concurred by the Board, that FKT will be independent and objective. Shareholders' approval for the appointment of FKT was also obtained at an extraordinary general meeting held on 19 February 2021. There is no non-audit or audit services provided by FKT to the Group prior to their appointment.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the AC.

The Company's external auditor have also briefed the AC on the changes in the financial reporting standards that will take effect in the following years. This ensures that the AC is kept abreast with the changes in financial reporting standards which could have a direct impact on the Group's financial statements.

The Group has appointed different auditors for its overseas subsidiaries. Following the completion of the disposal of Tricor Taxand Sdn Bhd and the Company being designated as a cash company in April 2021, the overseas subsidiaries are not considered significant subsidiaries of the Group. According, the Board and the AC are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rules 712 and 716 of the Catalist Rules.

The Company has put in place a whistle-blowing policy where the staff of the Company and third parties may, in confidence, raise concerns via letter or email about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The AC will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted. No such whistle-blowing letter or email was received in FY2020.

For FY2020, the AC did not appoint an internal auditor as (a) the Group had minimal business following the completion of the disposal of Tricor Taxand Sdn. Bhd. (formerly known as Axcelasia Taxand Sdn. Bhd.) and its subsidiaries in April 2020, and (b) the Group does not currently have any revenue generating business and the Company has been designated a cash company in April 2021. As there are minimal business and internal control risks arising to be dealt with, the AC reviewed the internal control function which primarily relates to the corporate related matters based on the current control policy that is already in place. The internal audit function was carried out by the AC on all the entities under the Group using a risk-based auditing approach covering financial, operational and compliance controls and such internal audit function had unfettered access to all the Company's documents, records, properties and personnel, and has appropriate standing within the Company. The AC is satisfied of the adequacy, independence and effectiveness of Company's internal audit function. Mr Ang Chiang Meng, who was the Chairman of the Audit Committee since his appointment in November 2020 until 4 June 2021 where he was re-designated as the Company's Executive Director, was in-charge of the internal audit function and has the relevant experience and qualifications to conduct the internal controls review. Please refer to his experience and qualifications referred to in the Board of Directors section of this Annual Report.

The AC will continue to review the adequacy and effectiveness of the Group's internal audit function on an annual basis, where applicable.

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).

The Company’s Articles allow for absentia voting.

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 three shareholder meetings in FY2020, 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 via SGXNet 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.

While the Company does not have in place an investor relations policy, the Company solicits feedback and addresses the concerns of shareholders (including institutional and retail investors) via investor briefing during AGM.

The investor briefing during AGM was coordinated internally by the Executive Director and management of the Company. In addition, the Independent Directors will meet with investors as and when requested.

In view of the alternative arrangements for general meetings held during the COVID-19 pandemic period, the Company has provided and set out the relevant instructions in its Notice of AGM for shareholders to submit their questions, relating to the resolution to be tabled for approval at the AGM, prior to the AGM.

The Company updates shareholders through the SGXNET announcements and its annual 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. While the Company does not maintain a corporate website, which is a deviation from provision 13.3, shareholders can contact the Company via the Company's email address (axington@outlook.com), which is in line with the intent of Principle 13.

5. OTHER DISCLOSURE

a. Dealing in Securities

The Company has adopted a policy which prohibits dealings in the securities of the Company by the Directors and employees of the Group while in possession of price-sensitive information. Under this policy, the Company, the Directors and employees of the Group are not permitted to deal with the securities of the Company during the period commencing one month before the announcement of the Company's half-year and full year results, and ending on the date of the announcement.

In addition, the Directors and employees are also discouraged from dealing in the Company's securities on short-term considerations and are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. The Board is kept informed when a Director trades in the Company's securities.

b. Disclosure of Material Contracts

Save as disclosed in the section entitled "Interest Person Transactions" below, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO or each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

c. Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All interested person transactions are subject to review by the AC to ensure compliance with established procedures.

No general mandate has been obtained from Shareholders in respect of interested person transactions for FY2020.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,00 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RM'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (RM'000)
Huntington Holdings Pte. Ltd. ⁽¹⁾	Associate of the Company's controlling shareholder – Mr. Nelson Loh ⁽²⁾	762	-

Notes:

- (1) In August 2020, the Company entered into an interested person transaction with Huntington Holdings Pte. Ltd. to acquire medical cleaning equipment and supplies amounting to S\$250,000.
- (2) As at the date of this annual report, Mr. Nelson Loh is no longer a controlling shareholder of the Company. Please refer to page 6 of this annual report for more information on the Company's controlling shareholders.

There were no other interested person transactions of S\$100,000 or more for FY2020 except for the above.

d. Non-sponsorship fees

For FY2020, the Company paid to its previous sponsor, UOB Kay Hian Private Limited, non-sponsor fees of S\$79,100.

For FY2020, there was no non-sponsor fees paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd.

e. Use of proceeds

IPO net proceeds

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

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

Use of IPO net proceeds	Amount allocated in the offer document (S\$'000)	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (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 ⁽¹⁾	(3,080) ⁽²⁾	-
Listing expenses	1,300	1,300	(1,300)	-
Total	8,880	8,880	(6,341)	2,539

Notes:

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

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company’s offer document dated 18 November 2015 and the announcement dated 23 February 2017 on the reallocation of proceeds from the Company’s IPO.

Placement net proceeds

The Company refers to the net proceeds amounting to S\$5.97 million (excluding expenses of approximately S\$0.03 million) raised from the placement exercise conducted in August 2020.

Use of placement net proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business investments and acquisition	3,582	-	3,582
General working capital	2,388	-	2,388
Total Placement Net Proceeds	5,970⁽¹⁾	-	5,970⁽¹⁾

As at the date of this announcement, the Company has yet to utilise the proceeds from the Placement.

Note:

- (1) Inclusive of approximately S\$1.1 million which remains a receivable from one of the Placement subscribers.

Compliance placement net proceeds

The Company refers to the net proceeds amounting to S\$5,000 (excluding expenses of approximately S\$25,000) raised from the compliance placement exercise conducted in August 2020.

Use of compliance placement net proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business investments and acquisition	3	-	3
General working capital	2	-	2
Total Compliance Placement Net Proceeds	5	-	5

As at the date of this announcement, the Company has yet to utilise the proceeds from the Compliance Placement.

The Company will make periodic announcements as and when the balance of the net proceeds of the IPO, the Placement and the Compliance Placement are materially disbursed.

No breakdown of Rights Issue net proceeds utilisation is shown as the Company has returned all application monies to the participating shareholders by 18 March 2021, in accordance with the Company's announcement dated 15 March 2021.

f. Sustainability Reporting

As announced by the Company on 10 May 2021, in view that the Company has no revenue generating business and operations, and is currently a cash company, a sustainability report for FY2020 would not be relevant and meaningful, and accordingly the Company will not be issuing the sustainability report for FY2020.

Directors' Statement

For The Financial Year Ended 31 December 2020

We submit this annual report to the members together with the audited consolidated financial statements of Axington Inc. (formerly known as Axcelasia Inc.) (the "Company") and its subsidiaries (the "Group") and statement of financial position of the Company for the financial year ended 31 December 2020.

In the opinion of the directors:

- (a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with Singapore Financial Reporting Standards (International); and
- (b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Roberto Dona	(Non-Executive Chairman and Independent Director)	(Appointed on 14 July 2020)
Ang Chiang Meng	(Executive Director)	(Appointed as Independent Director on 20 November 2020, and re-designated as Executive Director on 4 June 2021)
Teo Choon Kow @ William Teo	(Independent Director)	(Appointed on 20 November 2020)

Arrangements to acquire shares, debentures or options

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares, debentures or options of the Company or any other corporate body, other than as disclosed in this statement.

Directors' interest in shares, debentures or options

None of the directors who held office at the end of the financial year or as at 21 January 2021 was interested in shares, debentures or options of the Company or its related corporations.

Directors' Statement

For The Financial Year Ended 31 December 2020

Share options

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 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 2020

Share options (cont'd)

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 subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries at the end of the financial year.

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 to employees and directors.

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

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

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

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

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

Directors' Statement

For The Financial Year Ended 31 December 2020

Performance Share Plan (cont'd)

- (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 at the date of this statement comprises the following members:

Teo Choon Kow @ William Teo
Roberto Dona

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

- (i) 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;
- (ii) Review and report to the Board at least annually the adequacy and effectiveness of the 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);
- (iii) Review periodically risk management profiles identifying significant risk areas (with particular focus on financial reporting risks and controls);
- (iv) Review the assurance from the Executive Director and the CFO (where applicable) on the financial records and financial statements;
- (v) Coordinate with the Executive Director on its oversight of non-financial and financial risk management and internal control matters;

Directors' Statement

For The Financial Year Ended 31 December 2020

Audit Committee (cont'd)

- (vi) Arrange for access to and review reports regarding the adequacy and effectiveness of risk management and internal control systems;
- (vii) Review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;
- (viii) Make recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor;
- (ix) Review the system of internal controls and management of financial risks with the external auditor;
- (x) Review the cooperation given to the external auditor, where applicable;
- (xi) Review the 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;
- (xii) Review and approve interested person transactions and review procedures thereof;
- (xiii) Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (xiv) Investigate any matters within its terms of reference;
- (xv) Review the policy and arrangements by which the Group's employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (xvi) 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 external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor. There were no non-audit services rendered for the financial year ended 31 December 2020.

The Audit Committee has full access to and has the cooperation of the Executive Director 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 external auditor has unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the external auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Directors' Statement

For The Financial Year Ended 31 December 2020

Independent auditor

At the Extraordinary General Meeting of the Company held on 19 February 2021, Foo Kon Tan LLP was appointed as independent auditor of the Company.

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
ANG CHIANG MENG

.....
TEO CHOON KOW @ WILLIAM TEO

7 July 2021

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Axington Inc. (the "Company") and its subsidiaries (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 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Other receivables

Included in trade and other receivables on the Group's and the Company's statement of financial position as at 31 December 2020 are other receivables of RM3,277,116, which relate to the outstanding balance of S\$1,075,000 arising from the issuance of placement shares by the Company on 17 August 2020 (Note 7). We are unable to obtain sufficient appropriate audit evidence to ascertain the recoverability of the outstanding amount and whether any impairment loss should be recognised, and the validity of the placement shares issued. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amounts of the Group's and the Company's other receivables as at 31 December 2020.

(ii) Cash in banks

Included in cash and cash equivalents on the consolidated statement of financial position as at 31 December 2020 are bank balances of RM40,271 held by the subsidiaries of the Company, for which we are unable to obtain confirmations from the respective banks. Consequently, we are unable to satisfy ourselves as to the appropriateness of the carrying amounts of these bank balances, any assets held as security, guarantees, commitments and contingencies, and the completeness of bank accounts and any loans or other banking facilities held by these subsidiaries as at 31 December 2020.

(iii) Other payables

Included in other payables and accruals on the Group's and the Company's statement of financial position as at 31 December 2020 are other payables of RM993,179, which relate to an amount of S\$125,000 (RM381,992) and S\$200,000 (RM611,187) received from a company on 19 August 2020 (Note 13). We are unable to obtain sufficient appropriate audit evidence to ascertain the purpose and rationale of the two receipts and whether the company is a related party of the Group. Consequently, we are unable to determine whether any adjustments might have been necessary in respect of the Group's and the Company's other payables as at 31 December 2020.

Basis for Disclaimer of Opinion (cont'd)

(iv) Impairment losses on plant and equipment

Included in impairment losses on plant and equipment on the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020 is an amount of RM1,003,070 relating to medical equipment (Note 3).

Of the total medical equipment recorded by the Group and the Company, we are unable to ascertain the existence of certain medical equipment with costs amounting to RM767,387. Notwithstanding that all the medical equipment have been fully impaired by the Company, we are unable to obtain sufficient appropriate audit evidence to ascertain the veracity of the underlying transactions and the subsequent impairment losses recognised by the Company. Consequently, we are unable to satisfy ourselves in respect of the appropriateness of the classification and carrying amounts of plant and equipment at 31 December 2020 and impairment losses on plant and equipment for the financial year ended 31 December 2020.

(v) Other expenses

Included in other expenses on the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020 is an amount of RM460,432 written off and recognised in profit or loss (Note 18). This relates to the remaining balance of a payment made to a vendor. As the Company has assessed that the amount is not likely to be recoverable, it is fully written off.

Notwithstanding that the amount has been fully written off, we are unable to obtain sufficient appropriate audit evidence to ascertain the veracity of the transaction and the subsequent write-off recognised by the Company. Consequently, we are unable to satisfy ourselves in respect of the appropriateness of other expenses for the financial year ended 31 December 2020.

(vi) Gain on disposal of subsidiaries and discontinued operations

As disclosed in Note 20 to the financial statements, the gain from discontinued operations of RM57,072,767 for the financial year ended 31 December 2020 comprises loss attributable to the disposal group from 1 January 2020 to 15 April 2020 of RM187,240 and gain on disposal of subsidiaries of RM57,260,007.

We are unable to obtain the underlying accounting records and supporting documents of the significant components making up the profit or loss items of the disposal group from 1 January 2020 to 15 April 2020 and the assets and liabilities of the disposal group as at 15 April 2020. Consequently, we are unable to obtain sufficient appropriate audit evidence in respect of the loss attributable to the disposal group of RM187,240 and gain on disposal of subsidiaries of RM57,260,007, and the presentation and disclosures of discontinued operations in the financial statements for the financial year ended 31 December 2020.

Basis for Disclaimer of Opinion (cont'd)

(vii) Opening balances and comparative information

We are unable to obtain the underlying accounting records and supporting documents of the significant components making up the assets and liabilities of the Group as at 31 December 2019. Consequently, we are unable to determine whether the opening balances as at 1 January 2020 are appropriately stated. As the opening balances as at 1 January 2020 enter into the determination of the Group's financial performance and cash flows for the financial year ended 31 December 2020, we are unable to determine whether any adjustments might have been found necessary in respect of the financial statements for the financial year ended 31 December 2020, or the completeness, appropriateness and comparability of the corresponding figures and the related disclosures in the financial statements for the financial year ended 31 December 2020.

(viii) Functional currency

Following the divestment of all the Group's operating subsidiaries in Malaysia during the financial year ended 31 December 2020, the Group does not have any revenue generating business, and the Company had, on 1 April 2021, notified the Singapore Exchange Securities Trading Limited ("SGX-ST") of its cash company status.

After the disposal of the subsidiaries, the cash and cash equivalents of the Company, which predominantly make up its total assets, are primarily denominated in Singapore dollar ("SGD"). The liabilities of the Company and expenses incurred by the Company are also mostly denominated in SGD. Nonetheless, the accounting records are still maintained by the Company in Malaysia ringgit ("RM"), and all transactions and balances are still recorded by the Company in RM. The Company is unable to provide further evidence to substantiate RM as the functional currency.

Under SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*, functional currency is the currency of the primary economic environment in which an entity operates, which is normally the one in which it primarily generates and expends cash. In addition, functional currency reflects the underlying transactions, events and conditions that are relevant to the entity, and if there is a change in those underlying transactions, events and conditions, the entity shall apply the translation procedures applicable to the new functional currency prospectively.

In view of the factors described above, we are unable to satisfy ourselves as to the appropriateness of RM as the functional currency and presentation currency, and the recording of transactions and presentation of financial statements in RM, and to determine if there are any further adjustments or disclosures required in respect of the financial statements of the Group and the Company for the financial year ended 31 December 2020.

Other Matters

The financial statements of the Group and the Company for the financial year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 March 2020.

Following the disposal of Tricor Taxand Sdn. Bhd. (formerly known as Axcelasia Taxand Sdn. Bhd.) and its subsidiaries on 15 April 2020, the Group does not currently have any revenue generating business, and the Company had, on 1 April 2021, notified the SGX-ST of its cash company status. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Labuan Companies Act 1990 ("Labuan Companies Act") and Singapore Financial Reporting Standards (International), 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 responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Labuan Companies Act to be kept by the Company have been properly kept in accordance with the provisions of the Labuan Companies Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

7 July 2021

Statements Of Financial Position

As At 31 December 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-Current Assets					
Plant and equipment	3	-	771,629	-	77,572
Right-of-use assets	4	72,276	1,055,201	72,276	143,353
Goodwill	5	-	2,130,000	-	-
Subsidiaries	6	-	-	-	9,051,744
		72,276	3,956,830	72,276	9,272,669
Current Assets					
Trade and other receivables	7	3,397,333	10,124,077	3,303,976	11,722,592
Contract assets	8	-	814,387	-	-
Prepayments		-	309,570	-	49,218
Current tax recoverable		690	550	-	-
Cash and cash equivalents	9	91,715,211	23,866,198	91,674,940	11,422,242
		95,113,234	35,114,782	94,978,916	23,194,052
Total assets		95,185,510	39,071,612	95,051,192	32,466,721
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	46,105,341	27,817,984	46,105,341	27,817,984
Treasury shares	10	(2,569)	(2,569)	(2,569)	(2,569)
Reserves	11	45,728,169	5,542,320	45,831,256	4,190,035
Equity attributable to owners of the					
Company		91,830,941	33,357,735	91,934,028	32,005,450
Non-controlling interests		(56,435)	71,222	-	-
Total equity		91,774,506	33,428,957	91,934,028	32,005,450
Non-Current Liabilities					
Lease liabilities	12	-	560,925	-	78,102
Current Liabilities					
Contract liabilities	8	-	78,980	-	-
Lease liabilities	12	109,561	553,639	109,561	73,047
Bank overdraft		501	-	501	-
Other payables and accruals	13	3,300,942	3,711,514	3,007,102	310,122
Current tax payable		-	737,597	-	-
		3,411,004	5,081,730	3,117,164	383,169
Total liabilities		3,411,004	5,642,655	3,117,164	461,271
Total equity and liabilities		95,185,510	39,071,612	95,051,192	32,466,721

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statements Of Profit Or Loss

And Other Comprehensive Income

For The Financial Year Ended 31 December 2020

	Note	2020 RM	2019 RM
Continuing operations			
Revenue	14	24,388	-
Other income	15	664,862	360,893
Depreciation of plant and equipment	3	(166,986)	(124,610)
Depreciation of right-of-use assets	4	(71,077)	(71,676)
Employee benefits expense	16	(892,203)	(1,606,210)
Short-term rental expense		(54,178)	(14,561)
Finance cost	17	(4,493)	(12,919)
Other expenses	18	(7,772,652)	(969,322)
Loss before taxation from continuing operations		(8,272,339)	(2,438,405)
Taxation	19	-	(845)
Loss after taxation from continuing operations		(8,272,339)	(2,439,250)
Discontinued operations			
Profit from discontinued operations, net of tax	20	57,072,767	5,158,221
Profit for the year		48,800,428	2,718,971
Other comprehensive income after tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		7,309	(118)
Other comprehensive income/(loss) for the year, net of tax of nil		7,309	(118)
Total comprehensive income for the year		48,807,737	2,718,853
Profit attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax		(8,198,149)	(2,383,823)
- Profit from discontinued operations, net of tax		57,072,767	5,127,106
		48,874,618	2,743,283
Non-controlling interests			
- Loss from continuing operations, net of tax		(74,190)	(55,427)
- Profit from discontinued operations, net of tax		-	31,115
		(74,190)	(24,312)
Profit for the year		48,800,428	2,718,971
Total comprehensive income attributable to:			
Owners of the Company		48,879,870	2,743,198
Non-controlling interests		(72,133)	(24,345)
Total comprehensive income for the year		48,807,737	2,718,853
Earnings per share attributable to owners of the Company (Malaysia sen)			
Basic and diluted	21	28.50	1.71
From continuing operations	21	(4.78)	(1.49)
From discontinued operations	21	33.28	3.20

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020

	Share capital RM	Treasury shares RM	Merger reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2019	27,817,984	-	(2,691,859)	41,368	6,456,997	31,624,490	(29,051)	31,595,439
Profit/(Loss) for the year	-	-	-	-	2,743,283	2,743,283	(24,312)	2,718,971
Other comprehensive loss for the year	-	-	-	(85)	-	(85)	(33)	(118)
- Currency translation differences	-	-	-	(85)	-	(85)	(33)	(118)
Total comprehensive (loss)/income for the year	-	-	-	(85)	2,743,283	2,743,198	(24,345)	2,718,853
Contributions by and distributions to owners								
Acquisition of additional equity interests in subsidiaries (Note 6)	-	-	-	6,589	(27,135)	(20,546)	124,618	104,072
Dividends (Note 22)	-	-	-	-	(986,838)	(986,838)	-	(986,838)
Purchase of treasury shares (Note 10)	-	(2,569)	-	-	-	(2,569)	-	(2,569)
Transactions with owners in their capacity as owners	-	(2,569)	-	6,589	(1,013,973)	(1,009,953)	124,618	(885,335)
Balance at 31 December 2019	27,817,984	(2,569)	(2,691,859)	47,872	8,186,307	33,357,735	71,222	33,428,957

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2020 (cont'd)

	Share capital RM	Treasury shares RM	Merger reserve RM	Foreign currency translation reverse RM	Retained earnings RM	Total attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
Balance at 1 January 2020	27,817,984	(2,569)	(2,691,859)	47,872	8,186,307	33,357,735	71,222	33,428,957
Profit/(Loss) for the year	-	-	-	-	48,874,618	48,874,618	(74,190)	48,800,428
Other comprehensive income for the year	-	-	-	5,252	-	5,252	2,057	7,309
- Currency translation differences	-	-	-	5,252	-	5,252	2,057	7,309
Total comprehensive income/(loss) for the year	-	-	-	5,252	48,874,618	48,879,870	(72,133)	48,807,737
Contributions by and distributions to owners								
Disposal of subsidiaries	-	-	2,691,859	-	-	2,691,859	(55,524)	2,636,335
Dividends (Note 22)	-	-	-	-	(11,385,880)	(11,385,880)	-	(11,385,880)
Issuance of shares (Note 10)	18,363,578	-	-	-	-	18,363,578	-	18,363,578
Share issuance costs	(76,221)	-	-	-	-	(76,221)	-	(76,221)
Transactions with owners in their capacity as owners	18,287,357	-	2,691,859	-	(11,385,880)	9,593,336	(55,524)	9,537,812
Balance at 31 December 2020	46,105,341	(2,569)	-	53,124	45,675,045	91,830,941	(56,435)	91,774,506

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2020

	Note	2020 RM	2019 RM
Cash Flows from Operating Activities			
(Loss)/Profit before taxation			
- Continuing operations		(8,272,339)	(2,438,405)
- Discontinued operations	20	57,072,767	6,813,510
Profit before taxation		48,800,428	4,375,105
Adjustments for:			
Bad debts written off	18	1,536,555	-
Depreciation of plant and equipment	3	166,986	484,771
Depreciation of right-of-use assets	4	71,077	514,539
Gain on disposal of plant and equipment		-	(110)
Gain on disposal of subsidiaries	20	(57,260,007)	-
Impairment on plant and equipment made	3	1,013,676	-
Impairment on trade receivables reversed	7	-	(32,938)
Interest expense		4,493	91,494
Interest income		(662,357)	(619,728)
Other write-off		460,432	-
Plant and equipment written off	3	30,283	5,758
Unrealised foreign exchange loss, net		-	1,260
Operating (loss)/profit before working capital changes		(5,838,434)	4,820,151
Changes in trade and other receivables		988,275	(61,708)
Changes in contract assets		-	(428,993)
Changes in prepayments		50,337	(199,131)
Changes in other payables and accruals		2,691,682	(377,956)
Changes in contract liabilities		-	(104,868)
Cash (used in)/generated from operations		(2,108,140)	3,647,495
Income taxes paid		(140)	(487,597)
Net cash (used in)/generated from operating activities		(2,108,280)	3,159,898
Cash Flows from Investing Activities			
Disposal of subsidiaries, net of cash disposed of	A	66,762,928	-
Interest received		662,357	606,028
Proceeds from disposal of plant and equipment		-	74,743
Purchase of plant and equipment		(1,075,301)	(289,400)
Net cash generated from investing activities		66,349,984	391,371
Cash Flows from Financing Activities			
Dividends paid		(11,385,880)	(986,838)
Fixed deposit pledged		12,495	(12,495)
Interest paid		(4,493)	(91,494)
Proceeds from issuance of shares	10	15,086,462	-
Share issuance expenses	10	(76,221)	-
Proceeds from non-controlling interests for issuance of shares by subsidiaries		-	6,072
Purchase of treasury shares	10	-	(2,569)
Repayment of lease liabilities		(41,588)	(457,267)
Net cash generated from/(used in) financing activities		3,590,775	(1,544,591)
Net increase in cash and cash equivalents		67,832,479	2,006,678
Cash and cash equivalents at beginning of year		23,853,703	21,847,874
Exchange differences on translation of cash and cash equivalents		28,528	(849)
Cash and cash equivalents at end of year	9	91,714,710	23,853,703

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement Of Cash Flows

For The Financial Year Ended 31 December 2020 (cont'd)

Note A

Disposal of subsidiaries

On 15 April 2020, the Company completed the divestment of the entire issued and paid-up share capital of its subsidiary, Tricor Taxand Sdn. Bhd. (formerly known as Axcelasia Taxand Sdn. Bhd.) for a total consideration of RM69,700,000. The effects of the disposal on the cash flows of the Group were as follows:

	2020 RM
Plant and equipment	635,985
Right-of-use assets	911,848
Trade and other receivables	8,403,069
Contract assets	814,387
Prepayments	259,233
Cash and bank balances	1,541,839
Lease liabilities	(963,415)
Other payables and accruals	(3,112,711)
Contract liabilities	(78,980)
Current tax payable	(737,597)
Net assets of subsidiaries	7,673,658
Goodwill derecognised	2,130,000
Merger reserve derecognised	2,691,859
Non-controlling interests	(55,524)
Gain on disposal of subsidiaries	57,260,007
Total consideration, to be satisfied in cash	69,700,000
Less: Cash and bank balances disposed of	(1,541,839)
Less: Deferred proceeds written off	(1,395,233)
Net cash inflow arising from disposal	66,762,928

Note B

Reconciliation of movements of liabilities to cash flows arising from financing activities

The Group	Note	At 1 January RM	Cash flows RM	Disposal of subsidiaries RM	Interest expense RM	At 31 December RM
2020						
<i>Liabilities</i>						
Lease liabilities	12	1,114,564	(46,081)	(963,415)	4,493	109,561
2019						
<i>Liabilities</i>						
Lease liabilities	12	1,571,831	(548,761)	-	91,494	1,114,564

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

1 General information

The financial statements of Axington Inc. (formerly known as Axcelasia Inc.) (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated in the Federal Territory of Labuan under the Labuan Companies Act 1990.

The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office is located at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The financial statements are presented in Malaysia ringgit (“RM”) which is the Company’s functional currency. All financial information is presented in RM, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies

Going concern

The Group incurred net loss from continuing operations of RM8,272,339 (2019: RM2,439,250) and net operating cash outflows of RM2,108,280 (2019: net operating cash inflows of RM3,159,898) for the financial year ended 31 December 2020. Nonetheless, the Group had net current assets and net assets of RM91,702,230 (2019: RM30,033,052) and RM91,774,506 (2019: RM33,428,957), respectively, comprising mainly cash and cash equivalents of RM91,715,211 (2019: RM23,866,198) as at 31 December 2020. In addition, the Company had net current assets and net assets of RM91,861,752 (2019: RM22,810,883) and RM91,934,028 (2019: RM32,005,450), respectively, comprising mainly cash and cash equivalents of RM91,674,940 (2019: RM11,422,242) as at 31 December 2020.

Based on the above, the directors believe that the Group and the Company have sufficient working capital and financial resources to enable them to meet its liabilities as and when they fall due and continue as a going concern for 12 months from the end of the reporting period.

The Group does not have any revenue generating business after the disposal of Tricor Taxand Sdn. Bhd. (formerly known as Axcelasia Taxand Sdn. Bhd.) and its subsidiaries, and the Company had, on 1 April 2021, notified the SGX-ST of its cash company status. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period.

Income taxes

The Group and the Company have exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The Group's income taxes for the year are disclosed in Note 19 to the financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(a) Basis of preparation (cont'd)

Significant assumptions used and accounting estimates in applying accounting policies

Depreciation of plant and equipment and right-of-use assets

The costs of plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. Management estimates the useful lives of plant and equipment to be within 5 to 10 years. The useful lives of leasehold properties are based on the lease period of 2 to 3 years. The carrying amount of the Group's plant and equipment and right-of-use assets at the end of the reporting period is disclosed in Note 3 and Note 4 to the financial statements, respectively. The estimation of useful lives is based on assumptions about wear and tear, ageing, changes in demand and the Group's historical experience with similar assets. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's plant and equipment and right-of-use assets increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by RM16,699 (2019: RM48,477) and RM7,108 (2019: RM51,454), respectively.

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired or that impairment losses recognised in prior periods may no longer exist or may have decreased. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units ("CGUs"). Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGUs, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period, and the basis used to determine fair value less costs of disposal or the assumptions used to estimate value in use as the recoverable amount, are disclosed in Note 6 to the financial statements. If the recoverable amount of the investment in subsidiaries decrease/increase by 10% from management's estimates, the Group's allowance for impairment of investment in subsidiaries will increase/decrease by RM353,918 (2019: RM1,050,050).

Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(a) Basis of preparation (cont'd)

Significant assumptions used and accounting estimates in applying accounting policies (con'd)

Provision for expected credit losses of trade and other receivables (cont'd)

The Group and the Company apply the 3-stage general approach to determine ECLs for other receivables. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within twelve months after the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's and the Company's trade and other receivables is disclosed in Note 27.1. If the loss rates increase/decrease by 10% from management's estimates, the Group's allowance for impairment of trade receivables will increase/decrease by RM nil (2019: RM929,880).

Impairment testing of goodwill

As at 31 December 2019, the Group had goodwill of RM2,130,000. In performing the impairment testing of the carrying amount of goodwill, the recoverable amount of the CGU in which the goodwill was attributable to was determined using the value in use calculation.

Significant judgements were used to estimate the growth in profit before taxation, 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 had relied on the CGU's actual performance for the financial year ended 31 December 2019.

If the estimated profit before taxation used in the value in use calculation had been 10% lower than management's estimates, the recoverable amount would have been lower by RM1,949,000. If the estimated pre-tax weighted average cost of capital used had been 1% higher than management's estimates, the recoverable amount would have been lower by RM1,827,000. If the estimated terminal growth rate applied to the discounted cash flows for the CGU had been 1% lower than management's estimates, the recoverable amount would have been lower by RM1,191,000.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(b) Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group adopted the following SFRS(I) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material
Amendments to SFRS(I) 3	Definition of a Business
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	Interest Rate Benchmark Reform
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the following:

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance. The new definition of material states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(c) New standards and interpretations not yet adopted

The following are the new or amended SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) issued that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendment to SFRS(I) 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 1-16	Property, plant and equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 17	Insurance Contracts	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
Annual Improvements to SFRS(I)s 2018 - 2020 Cycle:		
- Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
- Amendment to SFRS(I) 9	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	1 January 2022
- Amendment to Illustrative Examples accompanying SFRS(I) 16	Lease Incentives	1 January 2022
- Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests even if that results in the non-controlling interests having a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee, if and only if, the Group has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights or variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Computers	5 years
Furniture and fittings	5 years
Office equipment	5 years
Renovations	5 to 10 years
Medical equipment	15 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Plant and equipment (cont'd)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the instruments. Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”).

The classification of financial assets, at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of 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 party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on “Revenue from contracts with customers”.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group does not hold any financial assets at FVOCI or financial assets at FVTPL.

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group’s business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

The Group's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables, the Group measures the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, loss allowance is measured at an amount equal to 12-month ECLs. The 12-month ECLs are estimated by reference to the track record of the counterparties and their business and financial conditions.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise lease liabilities and other payables and accruals.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude fixed deposit pledged and bank overdraft which is repayable on demand and forms an integral part of cash management.

Discontinued operations

A discontinued operation is a component of an entity that has been disposed of and:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Share capital

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

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Lease liability (cont'd)

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold properties

2 to 3 years

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Leases (cont'd)

The Group as a lessee (cont'd)

Right-of-use asset (cont'd)

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

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 end of the reporting period.

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 an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Income taxes (cont'd)

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

Deferred income tax is measured:

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

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Defined contribution plans

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

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee Share Option Scheme

The Group's Employee Share Option Scheme and Performance Share Plan is accounted for as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The share-based payment expense is amortised and recognised in profit or loss on a straight-line basis over the vesting period. At the end of each reporting period, the Group revises its estimates of the number of shares that the participating employees and directors are expected to receive based on non-market vesting conditions. The difference is charged or credited to profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

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.

Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

- b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain management executives are considered key management personnel.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

Revenue from contracts with customers

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Revenue from contracts with customers (cont'd)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

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 “Contract liabilities” in the consolidated statement of financial position.

Licensing of software

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

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grants received 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 are recognised as a receivable at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Functional currencies

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 of the Group and the Company are presented in Malaysia ringgit, which is also the functional currency of the Company.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies

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 translation differences 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 end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group 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 end of each reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised as other comprehensive income in the currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results were reviewed regularly by the Group's former Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information was available. Additional disclosures on each of these segments are shown in Note 26 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that were reported to the former CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

2(d) Summary of significant accounting policies (cont'd)

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

3 Plant and equipment

The Group	Computers RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Medical equipment RM	Total RM
<u>Cost</u>						
At 1 January 2019	2,092,074	487,639	173,432	457,043	-	3,210,188
Additions	77,547	40,357	18,075	153,421	-	289,400
Disposals	(1,930)	(17,831)	(8,634)	(79,220)	-	(107,615)
Write-offs	(28,342)	(5,338)	(992)	(14,395)	-	(49,067)
Exchange difference on translation	(26)	-	-	-	-	(26)
At 31 December 2019	2,139,323	504,827	181,881	516,849	-	3,342,880
Additions	959	-	-	-	1,074,342	1,075,301
Write-offs	(26,865)	-	(3,472)	(106,273)	-	(136,610)
Disposal of subsidiaries	(1,926,753)	(456,783)	(174,695)	(283,691)	-	(2,841,922)
At 31 December 2020	186,664	48,044	3,714	126,885	1,074,342	1,439,649
<u>Accumulated depreciation and impairment losses</u>						
At 1 January 2019	1,420,795	381,682	135,788	224,003	-	2,162,268
Depreciation						
- Continuing operations	45,757	9,608	1,795	67,450	-	124,610
- Discontinued operations	241,748	64,239	18,900	35,274	-	360,161
Disposals	287,505	73,847	20,695	102,724	-	484,771
Write-offs	(579)	(5,426)	(2,591)	(24,386)	-	(32,982)
Exchange difference on translation	(28,342)	(5,338)	(992)	(8,637)	-	(43,309)
At 31 December 2019	1,679,431	444,765	152,914	294,141	-	2,571,251
Depreciation						
- Continuing operations	42,774	4,804	1,128	47,008	71,272	166,986
Write-offs	(21,802)	-	(2,671)	(81,854)	-	(106,327)
Impairment losses	3,661	5,254	1,691	-	1,003,070	1,013,676
Disposal of subsidiaries	(1,517,400)	(406,779)	(149,348)	(132,410)	-	(2,205,937)
At 31 December 2020	186,664	48,044	3,714	126,885	1,074,342	1,439,649
<u>Carrying amount</u>						
At 31 December 2020	-	-	-	-	-	-
At 31 December 2019	459,892	60,062	28,967	222,708	-	771,629

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

3 Plant and equipment (cont'd)

The Company	Computers RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Medical equipment RM	Total RM
<u>Cost</u>						
At 1 January 2019	182,715	48,044	1,964	126,885	-	359,608
Additions	2,990	-	1,750	-	-	4,740
At 31 December 2019	185,705	48,044	3,714	126,885	-	364,348
Additions	959	-	-	-	1,074,342	1,075,301
At 31 December 2020	186,664	48,044	3,714	126,885	1,074,342	1,439,649
<u>Accumulated depreciation and impairment losses</u>						
At 1 January 2019	108,540	28,377	1,179	76,131	-	214,227
Depreciation	37,141	9,609	422	25,377	-	72,549
At 31 December 2019	145,681	37,986	1,601	101,508	-	286,776
Depreciation	37,322	4,804	422	25,377	71,272	139,197
Impairment losses	3,661	5,254	1,691	-	1,003,070	1,013,676
At 31 December 2020	186,664	48,044	3,714	126,885	1,074,342	1,439,649
<u>Carrying amount</u>						
At 31 December 2020	-	-	-	-	-	-
At 31 December 2019	40,024	10,058	2,113	25,377	-	77,572

Impairment of plant and equipment

In view of the operating losses and cash outflows incurred by the Group and the Company for the financial year ended 31 December 2020 and the absence of any revenue generating business, the Group and the Company have assessed that there are indications of impairment of the plant and equipment. Accordingly, they are tested for impairment.

The recoverable amount of the plant and equipment has been determined to be nil as the plant and equipment are not expected to generate any cash flows to recover their carrying amount. In addition, all the plant and equipment could not be located and physically sighted, except for one medical equipment. Accordingly, the Group and the Company recognised impairment losses on plant and equipment amounting to RM1,013,676 for the financial year ended 31 December 2020.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

4 Right-of-use assets

The Group	Leasehold properties RM	
<u>Cost</u>		
At 1 January 2019 and 31 December 2019		1,574,041
Disposal of subsidiaries		(1,359,012)
At 31 December 2020		215,029
<u>Accumulated depreciation</u>		
At 1 January 2019		4,301
<u>Depreciation</u>		
- Continuing operations		71,676
- Discontinued operations		442,863
		514,539
At 31 December 2019		518,840
Depreciation		71,077
Disposal of subsidiaries		(447,164)
At 31 December 2020		142,753
<u>Carrying amount</u>		
At 31 December 2020		72,276
At 31 December 2019		1,055,201
The Company		
RM		
<u>Cost</u>		
At 1 January 2019, 31 December 2019 and 31 December 2020		215,029
<u>Accumulated depreciation</u>		
At 1 January 2019		-
Depreciation		71,676
At 31 December 2019		71,676
Depreciation		71,077
At 31 December 2020		142,753
<u>Carrying amount</u>		
At 31 December 2020		72,276
At 31 December 2019		143,353

5 Goodwill

The Group	2020 RM	2019 RM
<u>Cost and carrying amount</u>		
At 1 January	2,130,000	2,130,000
Disposal of subsidiaries	(2,130,000)	-
At 31 December	-	2,130,000

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

5 Goodwill (cont'd)

The Group tests whether goodwill has been impaired on an annual basis. The recoverable amount of the CGU is determined based on value in use ("VIU") calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Key estimates used for VIU calculations

The Group	2019
Pre-tax weighted average cost of capital	13.9%
Terminal growth rate	2.0%

As at 31 December 2019, management determined that profit before taxation was to increase by 10% per annum for the next five years at an average of RM319,000. The discount rates used were pre-tax and reflected specific risks relating to the relevant segment.

Based on the sensitivity analysis performed (Note 2(a)), the Group had concluded that a variation of 10% in profit before taxation or 1% in the base case assumptions would not materially cause the recoverable amount of goodwill to be lower than its carrying amount. As such, no impairment loss was recognised for the financial year ended 31 December 2019.

6 Subsidiaries

The Company	2020	2019
	RM	RM
<u>Unquoted equity investments, at cost</u>		
At beginning of year	10,500,501	10,263,680
Acquisition of additional equity interests in subsidiaries	-	236,821
Disposal of subsidiaries	(6,961,320)	-
At end of year	3,539,181	10,500,501
<u>Allowance for impairment losses</u>		
At beginning of year	1,448,757	1,448,757
Allowance made	2,090,424	-
At end of year	3,539,181	1,448,757
<u>Carrying amount</u>		
At beginning of year	9,051,744	8,814,923
At end of year	-	9,051,744

Disposal of subsidiaries

On 12 March 2020, pursuant to an extraordinary general meeting, the shareholders of the Company approved the disposal of the entire issued and paid-up share capital of Tricor Taxand Sdn. Bhd. ("TTSB") (formerly known as Axcelasia Taxand Sdn. Bhd.) to Tricor Axcel Limited for a consideration of RM69,700,000. The disposal was completed on 15 April 2020 and TTSB, together with its subsidiaries, ceased to be subsidiaries of the Group.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

6 Subsidiaries (cont'd)

Impairment of investments in subsidiaries

In view of the operating losses and cash outflows incurred by the subsidiaries for the financial year ended 31 December 2020 and the absence of any revenue generating business, the Company has assessed that there are indications of impairment of the Company's investments in the subsidiaries. Accordingly, they are tested for impairment.

The recoverable amount of the investments in subsidiaries has been determined to be nil as the subsidiaries are dormant or inactive, and do not engage in any revenue generating activities. Hence, they are not expected to generate any cash flows to recover their carrying amount. In addition, the subsidiaries have net liabilities or minimal net assets. Accordingly, the Company recognised impairment losses amounting to RM2,090,424 for the financial year ended 31 December 2020.

Acquisition of additional equity interests in subsidiaries in 2019

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, had on 9 April 2019 increased its issued and paid-up capital from RM200,000 to RM400,000 through the pro-rata issuance and allotment of:

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

Axcelasia Singapore Pte. Ltd. ("ASPL")

ASPL, a 75% owned subsidiary of the Company, had on 10 October 2019 increased its issued and paid-up capital from S\$500,000 to S\$580,000 (RM1,471,470 to RM1,714,363) through the issuance and allotment of:

- (i) 975,000 ordinary shares of S\$0.08 each to the Company amounting to RM236,821; and
- (ii) 25,000 ordinary shares of S\$0.08 each to the existing 25% shareholder of ASPL amounting to RM6,072.

Consequently, the Company's interest in ASPL had been increased from 75% to 90%.

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

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

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

6 Subsidiaries (cont'd)

Details of the subsidiaries are:

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation/ Principal place of business</u>	<u>Percentage of equity held</u>	
			2020 %	2019 %
<u>Held by the Company</u>				
Tricor Taxand Sdn. Bhd. ⁽²⁾ (formerly known as Axcelasia Taxand Sdn. Bhd.)	Provision of tax compliance, tax advisory services, training and knowledge management services	Malaysia	-	100
Axington Singapore Pte. Ltd. ⁽¹⁾ (formerly known as Axcelasia Singapore Pte. Ltd.)	Provision of management consultancy services	Singapore	90	90
Axington Lao Co., Ltd. ⁽³⁾ (formerly known as Axcelasia Lao Co., Ltd.)	Provision of management consultancy services	Laos	100	100
Axcelasia Vietnam Co., Ltd. ⁽³⁾	Provision of management consultancy services	Vietnam	70	70
Audex Governance Sdn. Bhd. ⁽³⁾	Provision of management consultancy services	Malaysia	100	100
<u>Held by Tricor Taxand Sdn. Bhd.</u>				
Axcelasia Corporate Services Sdn. Bhd. ⁽²⁾	Provision of company secretarial services	Malaysia	-	100
Axcelasia Global Business Services Sdn. Bhd. ⁽²⁾	Provision of accounting, payroll, corporate finance and administration support services	Malaysia	-	100
Axcelasia Columbus Sdn. Bhd. ⁽²⁾	Provision of management consultancy services	Malaysia	-	100
Agensi Pekerjaan Axcelasia Talent Sdn. Bhd. ⁽²⁾	Provision of recruitment and human resource consultancy services	Malaysia	-	100
<u>Held by Axcelasia Columbus Sdn. Bhd.</u>				
Axcelasia Softnex Sdn. Bhd. ⁽²⁾	Licensing of ERM Application software	Malaysia	-	100
Axcelasia HR Consulting Sdn. Bhd. ⁽²⁾	Provision of HR consultancy services	Malaysia	-	51

⁽¹⁾ Foo Kon Tan LLP, principal member firm of HLB International in Singapore, is the statutory auditor

⁽²⁾ Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes in 2019

⁽³⁾ Audited by other auditors. These subsidiaries are dormant and are not deemed to be significant subsidiaries of the Company

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

6 Subsidiaries (cont'd)

Non-controlling interests

The following summarises the financial information of each of the Company's subsidiaries with material non-controlling interests, namely 10% in Axington Singapore Pte. Ltd. (formerly known as Axcelasia Singapore Pte. Ltd.), 30% in Axcelasia Vietnam Co., Ltd. and 49% in Axcelasia HR Consulting Sdn. Bhd. The information is before intra-group eliminations with other entities in the Group.

Axington Singapore Pte. Ltd. (formerly known as Axcelasia Singapore Pte. Ltd.) Summarised statement of financial position

	2020 RM	2019 RM
Non-current assets	-	2,953
Current assets	17,480	185,752
Current liabilities	(15,242)	(8,896)
	2,238	179,809
Equity attributable to owners of the Company	2,014	161,828
Equity attributable to non-controlling interests	224	17,981
	2,238	179,809

Summarised statement of profit or loss and other comprehensive income

	2020 RM	2019 RM
Revenue	24,399	-
Expenses	(202,750)	(190,252)
Loss for the year	(178,351)	(190,252)
Loss attributable to owners of the Company	(160,516)	(149,824)
Loss attributable to non-controlling interest	(17,835)	(40,428)
Loss for the year	(178,351)	(190,252)
Total comprehensive loss attributable to owners of the Company	(159,814)	(149,824)
Total comprehensive loss attributable to non-controlling interest	(17,757)	(40,428)
Total comprehensive loss for the year	(177,571)	(190,252)

Other summarised information

	2020 RM	2019 RM
Cash flows from:		
- operating activities	(166,421)	(203,977)
- financing activities	-	242,893
	(166,421)	38,916

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

6 Subsidiaries (cont'd)

Non-controlling interests (cont'd)

Axcelasia Vietnam Co., Ltd.

Summarised statement of financial position

	2020 RM	2019 RM
Non-current assets	-	54,722
Current assets	93,357	216,265
Current liabilities	(282,221)	(278,598)
	(188,864)	(7,611)
Equity attributable to owners of the Company	(132,205)	(5,328)
Equity attributable to non-controlling interest	(56,659)	(2,283)
	(188,864)	(7,611)

Summarised statement of profit or loss and other comprehensive income

	2020 RM	2019 RM
Expenses	(187,851)	(49,996)
Loss for the year	(187,851)	(49,996)
Loss attributable to owners of the Company	(131,496)	(34,997)
Loss attributable to non-controlling interest	(56,355)	(14,999)
Loss for the year	(187,851)	(49,996)
Total comprehensive loss attributable to owners of the Company	(126,877)	(34,997)
Total comprehensive loss attributable to non-controlling interest	(54,376)	(14,999)
Total comprehensive loss for the year	(181,253)	(49,996)

Other summarised information

	2020 RM	2019 RM
Cash flows from operating activities	(1,231)	409

Axcelasia HR Consulting Sdn. Bhd.

Summarised statement of financial position

	2019 RM
Non-current assets	1,490
Current assets	130,777
Current liabilities	(18,951)
	113,316
Equity attributable to owners of the Company	57,792
Equity attributable to non-controlling interests	55,524
	113,316

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

6 Subsidiaries (cont'd)

Non-controlling interests (cont'd)

Axcelasia HR Consulting Sdn. Bhd. (cont'd)

Summarised statement of profit or loss and other comprehensive income

	2019 RM
Revenue	385,803
Expenses	(322,302)
Profit for the year	63,501
Profit and total comprehensive income attributable to:	
- owners of the Company	32,386
- non-controlling interests	31,115
	63,501

Other summarised information

	2019 RM
Cash flows from:	
- operating activities	(182,461)
- financing activities	200,000
	17,539

7 Trade and other receivables

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables from third parties	-	9,298,801	-	-
Less: Allowance for impairment losses	-	(56,216)	-	-
	-	9,242,585	-	-
Amounts due from subsidiaries (non-trade)	-	-	136,347	11,432,724
Less: Allowance for impairment losses	-	-	(136,347)	(132,724)
	-	-	-	11,300,000
Amount due from a non-controlling interest	-	109,925	-	-
Deposits	120,217	313,828	26,860	26,860
Interest receivable	-	141,827	-	93,939
Other receivables	3,277,116	315,912	3,277,116	301,793
	3,397,333	10,124,077	3,303,976	11,722,592

As at 1 January 2019, the Group's gross trade receivables from contracts with customers due from third parties amounted to RM9,296,491.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

7 Trade and other receivables (cont'd)

For the financial year ended 31 December 2019, the Group extended credit period of 30 to 60 days to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group actively reviews the trade receivable balances and follow up on outstanding debts with the customers.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

As at 31 December 2020, other receivables relate to an amount of S\$1,075,000 (RM3,277,116) which represents the remaining balance arising from the issuance of placement shares by the Company on 17 August 2020.

As at 31 December 2019, trade receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The movement in allowance for impairment of trade receivables is as follows:

The Group	2020 RM	2019 RM
At 1 January	56,216	99,357
Discontinued operations		
- Allowance reversed	-	(32,938)
- Allowance utilised	-	(10,203)
	-	(43,141)
Disposal of subsidiaries	(56,216)	-
At 31 December	-	56,216

The movement in allowance for impairment of other receivables is as follows:

The Company	2020 RM	2019 RM
At 1 January	132,724	-
Allowance made	3,623	132,724
At 31 December	136,347	132,724

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia ringgit	26,860	9,908,628	26,860	11,420,799
Singapore dollar	3,277,116	1,534	3,277,116	301,793
Vietnam dong	93,357	213,915	-	-
	3,397,333	10,124,077	3,303,976	11,722,592

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

7 Trade and other receivables (cont'd)

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

The Group	2020 RM	2019 RM
<u>By geographical area</u>		
Malaysia	-	9,298,801

The ageing analysis of trade receivables as at 31 December 2019 is as follows:

The Group	Gross RM	Allowance for impairment losses RM
Not past due	2,321,644	-
Past due 0 to 30 days	2,175,524	-
Past due 31 to 90 days	1,764,912	-
Past due over 90 days	3,036,721	(56,216)
	<u>9,298,801</u>	<u>(56,216)</u>

Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as they mainly arise from customers that have a good credit record with the Group.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group and the Company.

8 Contract assets and liabilities

The Group	2020 RM	2019 RM
Contract assets	-	814,387
Contract liabilities	-	78,980

As at 1 January 2019, the Group's gross contract assets balance amounted to RM385,394.

The contract assets relate to the Group's rights to consideration for work completed but are not billed or are held by customers as retention at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

The contract liabilities relate to the Group's obligations to perform services to customers for which considerations have been collected in advance. Contract liabilities are recognised as revenue when the Group performs under the contracts.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

8 Contract assets and liabilities (cont'd)

Significant changes in contract assets and contract liabilities balances during the financial year are as follows:

The Group	2020 RM	2019 RM
Contract assets		
Contract assets recognised in trade receivables upon invoicing	814,387	385,394
Contract liabilities		
Revenue recognised that was included in contract liabilities at beginning of year	78,980	183,848

9 Cash and cash equivalents

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash in banks	91,715,211	4,714,138	91,674,940	165,444
Cash on hand	-	-	-	165
	91,715,211	4,714,138	91,674,940	165,609
Fixed deposits	-	19,152,060	-	11,256,633
	91,715,211	23,866,198	91,674,940	11,422,242

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

The Group	2020 RM	2019 RM
Cash and cash equivalents	91,715,211	23,866,198
Less: Bank overdraft	(501)	-
Less: Fixed deposit pledged	-	(12,495)
	91,714,710	23,853,703

As at 31 December 2019, fixed deposit of RM12,495 for the Group was pledged to a bank as security for a banker's guarantee.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia ringgit	751,293	23,639,621	751,293	11,404,606
Singapore dollar	90,940,962	201,788	90,923,647	17,636
United States dollar	22,956	23,592	-	-
Vietnam dong	-	1,197	-	-
	91,715,211	23,866,198	91,674,940	11,422,242

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

10 Share capital and treasury shares

Share capital

The Group and the Company	2020	2019	2020	2019
	Number of ordinary shares		RM	RM
<u>Issued with no par value</u>				
At 1 January	160,320,000	160,320,000	27,817,984	27,817,984
Issuance of shares	30,150,000	-	18,287,357	-
At 31 December	190,470,000	160,320,000	46,105,341	27,817,984

The holders of ordinary shares (except for treasury shares held by the Company) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restriction at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

On 17 August 2020, the Company issued 30,150,000 new ordinary shares at S\$0.20 per share placement, comprising 30,000,000 placement shares and 150,000 compliance placement shares. The total consideration for the shares was S\$6,030,000 (RM18,363,578), of which S\$4,955,000 (RM15,086,462) was received. Share issuance expenses amounted to RM76,221. As at 31 December 2020, an amount of S\$1,075,000 (RM3,277,116) has yet to be collected (Note 7).

Treasury shares

The Group and the Company	2020	2019	2020	2019
	Number of ordinary shares		RM	RM
At 1 January	9,700	-	2,569	-
Purchase of treasury shares	-	9,700	-	2,569
At 31 December	9,700	9,700	2,569	2,569

Treasury shares relate to the issued ordinary shares of the Company that are re-purchased and held by the Company.

The Company acquired 9,700 of its own shares during the financial year ended 31 December 2019. The total amount paid to acquire the shares was S\$894 (RM2,569) and was deducted from shareholders' equity. The shares are held as "treasury shares".

11 Reserves

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Foreign currency translation reserve	53,124	47,872	-	-
Merger reserve	-	(2,691,859)	-	-
Retained earnings	45,675,045	8,186,307	45,831,256	4,190,035
	45,728,169	5,542,320	45,831,256	4,190,035

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

11 Reserves (cont'd)

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Merger reserve

Merger reserve represents the consideration paid/transferred over the net assets of the business acquired under common control.

12 Lease liabilities

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Undiscounted lease payments due:				
- Year 1	119,282	609,602	119,282	80,640
- Year 2	-	574,812	-	80,640
- Year 3	-	5,472	-	-
	119,282	1,189,886	119,282	161,280
Less: Unearned interest cost	(9,721)	(75,322)	(9,721)	(10,131)
	109,561	1,114,564	109,561	151,149
Represented by:				
- Non-current	-	560,925	-	78,102
- Current	109,561	553,639	109,561	73,047
	109,561	1,114,564	109,561	151,149

The lease liabilities relate to the Group's and the Company's office premises, which are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of RM4,493 (2019: RM91,494) is recognised in profit or loss for the financial year ended 31 December 2020 under finance cost, comprising RM4,493 (2019: RM12,919) (Note 17) from continuing operations and RM nil (2019: RM78,575) from discontinued operations.

Total cash outflows for leases amounted to RM46,081 (2019: RM548,761) for the financial year ended 31 December 2020.

Short-term rental expense not recorded in lease liabilities but recognised in profit or loss is set out below:

	2020 RM	2019 RM
The Group		
Short-term leases	54,178	14,561

Lease liabilities are denominated in Malaysia ringgit.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

13 Other payables and accruals

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Accrued expenses	1,909,676	2,153,327	1,835,617	251,429
Amounts due to directors of subsidiaries	2,454	2,454	-	-
Other payables	1,388,812	1,555,733	1,171,485	58,693
	3,300,942	3,711,514	3,007,102	310,122

As at 31 December 2020, other payables of the Group and the Company comprise RM993,179 which relates to an amount of S\$125,000 (RM381,992) and S\$200,000 (RM611,187) received from a company on 19 August 2020. The Company is still in the process of determining the purpose of the receipts.

Other payables and accruals are denominated in the following currencies:

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia ringgit	-	3,291,296	-	310,122
Singapore dollar	3,022,344	8,896	3,007,102	-
United States dollar	-	132,724	-	-
Vietnam dong	278,598	278,598	-	-
	3,300,942	3,711,514	3,007,102	310,122

14 Revenue

	2020 RM	2019 RM
The Group		
Business advisory service	24,388	-
Timing of transfer of goods and services		
- At a point in time	24,388	-

15 Other income

	2020 RM	2019 RM
The Group		
Interest income	662,357	356,860
Miscellaneous income	2,505	4,033
	664,862	360,893

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

16 Employee benefits expense

The Group	2020 RM	2019 RM
Directors:		
Directors' fees	323,331	325,543
Directors' remuneration other than fees		
- salaries and other related costs	-	600,000
- contributions to defined contribution plans	-	115,516
	323,331	1,041,059
Other than key management personnel:		
- salaries and other related costs	502,757	515,464
- contributions to defined contribution plans	66,115	49,687
	568,872	565,151
	892,203	1,606,210

17 Finance cost

The Group	2020 RM	2019 RM
Interest expense on lease liabilities	4,493	12,919

18 Other expenses

Other expenses comprise the following items which are individually material:

The Group	2020 RM	2019 RM
Audit fee	402,423	193,944
Bad debts written off	1,536,555	-
Foreign exchange loss, net	1,312,836	3,046
Impairment losses on plant and equipment	1,013,676	-
Legal and professional fees	1,575,570	34,088
Other write-off	460,432	-
Sponsorship fee	554,856	169,543

Other write-off relates to the remaining balance of S\$150,000 (RM460,432) from a payment of S\$250,000 (RM767,387) made to a vendor for certain medical equipment. As the Company has assessed that the amount is not likely to be recoverable, it is fully written off in profit or loss.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

19 Taxation

The Group	2020 RM	2019 RM
Current taxation		
- continuing operations	-	845
- discontinued operations	-	1,655,289
	-	1,656,134

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on (losses)/profits as a result of the following:

The Group	2020 RM	2019 RM
(Loss)/Profit before taxation		
- Continuing operations	(8,272,339)	(2,438,405)
- Discontinued operations (Note 20)	57,072,767	6,813,510
	48,800,428	4,375,105
Tax at statutory rates applicable to different jurisdictions	1,391,443	1,050,025
Tax effect on non-deductible expenses	310,469	856,000
Tax effect on non-taxable income	(1,732,128)	(188,701)
Deferred tax assets on temporary differences not recognised	30,320	68,277
Utilisation of previously unrecognised tax losses	-	(126,313)
Others	(104)	(3,154)
	-	1,656,134

Singapore

The corporate income tax rate applicable to Axington Singapore Pte. Ltd. (formerly known as Axcelasia Singapore Pte. Ltd.) is 17% (2019: 17%) for the financial year ended 31 December 2020.

Malaysia

The corporate income tax rate applicable to the Malaysia-incorporated subsidiaries is 24% (2019: 24%) for the financial year ended 31 December 2020. The corporate income tax rate applicable to the Company incorporated in the Federal Territory of Labuan, Malaysia is 3% (2019: 3%) for the financial year ended 31 December 2020.

Laos

The corporate income tax rate applicable to Axington Lao Co., Ltd. (formerly known as Axcelasia Lao Co., Ltd.) is 20% (2019: 20%) for the financial year ended 31 December 2020.

Vietnam

The corporate income tax rate applicable to Axcelasia Vietnam Co., Ltd. is 20% (2019: 20%) for the financial year ended 31 December 2020.

Non-deductible expenses mainly relate to bad debts written off, impairment losses on plant and equipment and other write-off. Non-taxable income mainly relates to gain on disposal of subsidiaries.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

19 Taxation (cont'd)

At the end of reporting period, the Group has unused tax losses of approximately RM178,351 (2019: RM577,222), which are allowed to be carried forward and used to offset against future taxable profits of the subsidiaries in which the tax losses arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits. The unused tax losses have no expiry date.

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 of Malaysia. The pioneer status has commenced on 1 March 2014 and expired on 28 February 2019. As at 31 December 2019, AGBS had tax exempt profits available for distribution of approximately RM3,548,662 subject to agreement with the Inland Revenue Board of Malaysia.

20 Discontinued operations

On 11 February 2020, the Company announced the proposed divestment of its entire issued and paid-up share capital of its wholly-owned subsidiary, Tricor Taxand Sdn. Bhd. (“TTSB”) (formerly known as Axcelasia Taxand Sdn. Bhd. On 12 March 2020, pursuant to an extraordinary general meeting, the Company’s shareholders approved the disposal of TTSB and its subsidiaries. The results of TTSB and its subsidiaries are presented separately on the statement of profit or loss and other comprehensive income as discontinued operations. The businesses of TTSB and its subsidiaries represent the entirety of the Group’s Tax Advisory, Business Consultancy, EMS Application and Business Support operating segments. The disposal was completed on 15 April 2020.

The results of the discontinued operations are as follows:

The Group	2020 RM	2019 RM
Revenue	5,930,985	25,806,080
Expenses	(6,118,225)	(18,992,570)
Gain on disposal of subsidiaries	57,260,007	-
Profit before taxation	57,072,767	6,813,510
Taxation (Note 19)	-	(1,655,289)
Profit from discontinued operations, net of tax	57,072,767	5,158,221

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

20 Discontinued operations (cont'd)

The impact of the discontinued operations on the cash flows of the Group is as follows:

The Group	2020 RM	2019 RM
Operating cash inflows	-	2,603,967
Investing cash inflows	66,762,928	29,771
Financing cash outflows	-	(561,256)
Total cash inflows	66,762,928	2,072,482

21 Earnings per share

The calculation of basic and diluted earnings per share was based on the (loss)/earnings attributable to ordinary shareholders from continuing operations and discontinued operations and a weighted average number of ordinary shares outstanding, calculated as follows:

Earnings attributable to ordinary shareholders (basic and diluted)

The Group	Continuing operations RM	Discontinued operations RM	Total RM
2020			
(Loss)/Profit for the year attributable to ordinary shareholders	(8,198,149)	57,072,767	48,874,618
2019			
(Loss)/Profit for the year attributable to ordinary shareholders	(2,383,823)	5,127,106	2,743,283

Weighted average number of ordinary shares

The Group	2020	2019
Issued ordinary shares at beginning of year (excluding treasury shares)	160,310,300	160,320,000
Effect of issuance of ordinary shares during the year	11,203,279	-
Effect of treasury shares acquired during the year	-	(7,255)
Weighted average number of ordinary shares in issue during the year	171,513,579	160,312,745

22 Dividends

The Group and the Company	2020 RM	2019 RM
Final tax-exempt (one-tier) dividend of S\$0.023 per share for 2019	11,385,880	-
Interim tax-exempt (one-tier) dividend of S\$0.002 per share for 2019	-	986,838
	11,385,880	986,838

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

23 Equity-settled share-based payment transactions

The Axcelasia Employee Share Option Scheme

In conjunction with the Company's listing on the Catalist of the SGX-ST, the Group adopted the Axcelasia Employee Share Option Scheme ("ESOS") which was approved by its shareholders at an Extraordinary General Meeting 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 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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

23 Equity-settled share-based payment transactions (cont'd)

The Axcelasia Employee Share Option Scheme (cont'd)

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 subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

The Axcelasia Performance Share Plan

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;

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

23 Equity-settled share-based payment transactions (cont'd)

The Axcelasia Performance Share Plan (cont'd)

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

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

24 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between parties are as follows:

The Group	2020 RM	2019 RM
Consultancy fees paid to directors and a former director of the Company	170,256	-
Rental paid to entities controlled by the Group's key management personnel	-	56,620

The directors are of the opinion that the transactions above have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

25 Leases

Where the Group and the Company are the lessee,

The Group and the Company lease office premises for operations. The leases typically run for a period of one to three years, with an option to renew the lease after that date. Lease payments are renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements.

Information about leases for which the Group and the Company are the lessee is presented in Note 4 and Note 12 to the financial statements.

Amounts recognised in profit or loss under SFRS(I) 16 are as follows:

The Group	2020 RM	2019 RM
Interest expense on lease liabilities	4,493	91,494

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

26 Operating segments

For the financial year ended 31 December 2019, the Group had five reportable segments that are now discontinued, as described below, which were the Group's strategic business units. The strategic business units offered different products and services, and were managed separately because they required different marketing strategies.

For each strategic business unit, the Group's former CEO, who was the chief operating decision maker, monitored the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. The Group's former CEO reviewed internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- (i) Corporate segment mainly relates to investment holding.
- (ii) Tax Advisory segment mainly relates to the provision of corporate and individual tax compliance, training and knowledge management services.
- (iii) Business Consultancy segment mainly relates to governance and compliance assessment, internal audit services, business continuity management and financial management.
- (iv) EMS Application segment mainly relates to selling licensing of the Enterprise Risk Management software.
- (v) Business Support segment mainly relates to provision of corporate secretarial services, accounting, payroll and administration support. These are aggregated into the Business Support segment as they have similar target customer base and economic characteristics.

Information regarding the results of each reportable segment is included in the following tables. Performance was measured based on segment profit or loss before taxation, as included in the internal management reports that are reviewed by the Group's former CEO. Segment profit was used to measure performance as the former management believed that such information was the most relevant in evaluating the results of certain segments relative to other entities that operated within these sectors.

2020

The Group	Continuing operations (Corporate) RM	Discontinued operations RM	Total RM
Segment revenue	24,388	5,930,985	5,955,373
Interest income	662,357	-	662,357
Reportable segment (loss)/profit before taxation	(8,272,339)	57,072,767	48,800,428
Reportable segment assets	95,185,510	-	95,185,510
Capital expenditure	1,075,301	-	1,075,301
Reportable segment liabilities	3,411,004	-	3,411,004

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

26 Operating segments (cont'd)

2019

The Group	Continuing operations	Discontinued operations				Total RM
	Corporate RM	Tax advisory RM	Business consultancy RM	EMS application RM	Business support RM	
Segment revenue	-	9,217,347	10,543,499	1,099,184	4,946,050	25,806,080
Interest income	356,860	160,690	19,889	-	82,289	619,728
Reportable segment (loss)/profit before taxation	(2,438,405)	3,018,595	2,444,019	299,752	1,051,144	4,375,105
Reportable segment assets	14,212,978	9,939,267	7,414,298	1,490,975	6,014,094	39,071,612
Capital expenditure	4,740	44,550	129,663	4,600	105,847	289,400
Reportable segment liabilities	461,270	1,936,636	1,454,719	210,468	1,579,562	5,642,655

Geographical information

The Group's revenue from continuing operations and non-current assets are categorised into the following geographical areas:

	2020 RM	2019 RM
Revenue		
Malaysia	24,388	-
Non-current assets		
Malaysia	-	3,898,757
Vietnam	-	54,722
Singapore	72,276	2,953
Laos	-	398
	72,276	3,956,830

Non-current assets comprise plant and equipment and right-of-use assets.

Major customers

The Group does not have revenue concentration risk from customers, as revenue is derived from a large number of customers.

27 Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 27.3) and foreign currency risk (Note 27.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

27.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

There is no concentration risk from customers as trade receivables are spread over a large number of customers.

The Group and the Company have trade and other receivables, contract assets and cash and cash equivalents that are subject to the expected credit loss model. While cash and cash equivalents are subject to the impairment requirements of SFRS(I) 9, the identified impairment loss is insignificant.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

27.1 Credit risk (cont'd)

Trade receivables and contract assets

The Group applies the SFRS(I) 9 simplified approach to measuring expected credit losses (“ECLs”) which uses a lifetime ECL allowance for trade receivables and contract assets.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the GDP and the unemployment rate of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, below is the information about the credit risk exposure on the Group’s trade receivables using provision matrix:

The Group	Current RM	Past due 0 to 30 days RM	Past due 31 to 90 days RM	Past due more than 90 days RM	Total RM
2019					
Gross carrying amount	2,321,644	2,175,524	1,764,912	3,036,721	9,298,801
Expected credit loss rate (%)	-	-	-	1.85	
Loss allowance	-	-	-	56,216	56,216

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

Other receivables

Loss allowance for other receivables is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts.

Amounts due from subsidiaries (non-trade)

As at 31 December 2020, non-trade amounts due from subsidiaries have been fully impaired taking into account the finances, business performance, and a forward-looking analysis of the financial performance of the business activities undertaken by the subsidiaries.

Exposure to credit risk

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 statements of financial position.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

27.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 7.

27.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual undiscounted cash flows RM	Less than 1 year RM	Between 1 and 5 years RM
The Group				
2020				
Non-derivative financial liabilities				
Lease liabilities (Note 12)	109,561	119,282	119,282	-
Other payables and accruals (Note 13)	3,300,942	3,300,942	3,300,942	-
	3,410,503	3,420,224	3,420,224	-
2019				
Non-derivative financial liabilities				
Lease liabilities (Note 12)	1,114,564	1,189,886	609,602	580,284
Other payables and accruals (Note 13)	3,711,514	3,711,514	3,711,514	-
	4,826,078	4,901,400	4,321,116	580,284
The Company				
2020				
Non-derivative financial liabilities				
Lease liabilities (Note 12)	109,561	119,282	119,282	-
Other payables and accruals (Note 13)	3,007,102	3,007,102	3,007,102	-
	3,116,663	3,126,384	3,126,384	-
2019				
Non-derivative financial liabilities				
Lease liabilities (Note 12)	151,149	161,280	80,640	80,640
Other payables and accruals (Note 13)	310,122	310,122	310,122	-
	461,271	471,402	390,762	80,640

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

27.2 Liquidity risk (cont'd)

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and cash equivalents to meet their working capital requirements.

27.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank balances at floating rates. Fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets				
- fixed deposits	-	19,152,060	-	11,256,633
Financial liabilities				
- lease liabilities	(109,561)	(1,114,564)	(109,561)	(151,149)
	(109,561)	18,037,496	(109,561)	11,105,484
Variable rate instruments				
Financial assets				
- bank balances	91,715,211	4,714,138	91,674,940	165,444

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2019: 100) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been RM917,152 (2019: RM471,414) and RM916,749 (2019: RM1,654) higher/lower, respectively, arising mainly as a result of higher/lower interest income from floating rate bank balances.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

27.3 Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

27.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, primarily Malaysia ringgit for the Company. The foreign currency in which these transactions are denominated is mainly Singapore dollar. Consequently, the Group is exposed to movements in foreign currency exchange rates.

The Group's and the Company's exposures in financial instruments (including intra-group balances) to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

	Singapore dollar RM
The Group and the Company	
2020	
Trade and other receivables	3,277,116
Cash and cash equivalents	90,923,647
Other payables and accruals	(3,007,102)
Net exposure	91,193,661
2019	
Trade and other receivables	301,793
Cash and cash equivalents	17,636
Net exposure	319,429

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar ("SGD") exchange rates (against Malaysia ringgit), with all other variables held constant, on the Group's and the Company's results net of tax and equity.

	2020 RM	2019 RM
The Group and the Company		
SGD - strengthened 5% (2019: 5%)	4,559,683	15,971
- weakened 5% (2019: 5%)	(4,559,683)	(15,971)

This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effect.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

27 Financial risk management objectives and policies (cont'd)

27.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

28 Capital management

The Group's and the Company's objectives when managing capital are:

- (a) To safeguard the Group's and the Company's ability to continue as going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises lease liabilities and other payables and accruals, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Lease liabilities (Note 12)	109,561	1,114,564	109,561	151,149
Other payables and accruals (Note 13)	3,300,942	3,711,514	3,007,102	310,122
Total debt	3,410,503	4,826,078	3,116,663	461,271
Less: Cash and cash equivalents (Note 9)	(91,715,211)	(23,866,198)	(91,674,940)	(11,422,242)
Net cash	(88,304,708)	(19,040,120)	(88,558,277)	(10,960,971)
Equity attributable to owners of the Company	91,830,941	33,357,735	91,934,028	32,005,450
Total capital	91,830,941	33,357,735	91,934,028	32,005,450
Total capital and net debt	3,526,233	14,317,615	3,375,751	21,044,479
Gearing ratio	N.M.	N.M.	N.M.	N.M.

N.M.: Not meaningful

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

29 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Amortised cost RM	Other financial liabilities at amortised cost RM	Total RM
2020			
<u>Financial assets</u>			
Trade and other receivables (Note 7)	3,397,333	-	3,397,333
Cash and cash equivalents (Note 9)	91,715,211	-	91,715,211
	95,112,544	-	95,112,544
<u>Financial liabilities</u>			
Lease liabilities (Note 12)	-	109,561	109,561
Other payables and accruals (Note 13)	-	3,300,942	3,300,942
	-	3,410,503	3,410,503
2019			
<u>Financial assets</u>			
Trade and other receivables (Note 7)	10,124,077	-	10,124,077
Cash and cash equivalents (Note 9)	23,866,198	-	23,866,198
	33,990,275	-	33,990,275
<u>Financial liabilities</u>			
Lease liabilities (Note 12)	-	1,114,564	1,114,564
Other payables and accruals (Note 13)	-	3,711,514	3,711,514
	-	4,826,078	4,826,078
The Company			
2020			
<u>Financial assets</u>			
Trade and other receivables (Note 7)	3,303,976	-	3,303,976
Cash and cash equivalents (Note 9)	91,674,940	-	91,674,940
	94,978,916	-	94,978,916
<u>Financial liabilities</u>			
Lease liabilities (Note 12)	-	109,561	109,561
Other payables and accruals (Note 13)	-	3,007,102	3,007,102
	-	3,116,663	3,116,663
2019			
<u>Financial assets</u>			
Trade and other receivables (Note 7)	11,722,592	-	11,722,592
Cash and cash equivalents (Note 9)	11,422,242	-	11,422,242
	23,144,834	-	23,144,834
<u>Financial liabilities</u>			
Lease liabilities (Note 12)	-	151,149	151,149
Other payables and accruals (Note 13)	-	310,122	310,122
	-	461,271	461,271

Notes To The Financial Statements

For The Financial Year Ended 31 December 2020

29 Financial instruments (cont'd)

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and cash equivalents, lease liabilities and other payables and accruals, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

30 Events after the reporting period

On 15 February 2021, the Company's wholly-owned subsidiary, Audex Governance Sdn. Bhd., applied to the Companies Commission of Malaysia to be deregistered and struck off from the Registrar.

On 1 April 2021, the Company notified the SGX-ST of its cash company status and on 6 April 2021, the Company released an announcement to inform shareholders of its cash company status. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum six-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the six-month extension period.

With effect from 4 June 2021, Ang Chiang Meng was re-designated from an Independent Director to the Executive Director of the Company.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of AXINGTON INC. (the “**Company**”) will be convened and held by electronic means on Thursday, 22 July 2021 at 3.00 p.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 2020 together with the Directors’ Statement and Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr. Roberto Dona as a Director, who will be retiring pursuant to Article 101 of the Company’s Articles of Association. **[Explanatory Note (i)] (Resolution 2)**
3. To re-elect Mr. Teo Choon Kow @ William Teo as a Director, who will be retiring pursuant to Article 101 of the Company’s Articles of Association. **[Explanatory Note (ii)] (Resolution 3)**
4. To re-elect Mr. Ang Chiang Meng as a Director, who will be retiring pursuant to Article 101 of the Company’s Articles of Association. **[Explanatory Note (iii)] (Resolution 4)**
5. To approve the payment of Directors’ fees totaling RM500,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears (2020: RM324,000) **[Explanatory Note (iv)] (Resolution 5)**
6. To re-appoint Foo Kon Tan LLP 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 Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), authority be given to the Directors of the Company to:

- i. allot and issue shares (the “**Shares**”) whether by way of rights, bonus or otherwise; and/or

Notice Of Annual General Meeting

- 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
- 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

Notice Of Annual General Meeting

- 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 (v)]

(Resolution 7)

By Order of the Board

Chen Chuanjian, Jason
Tan Ching Ching
Company Secretaries

Singapore,
7 July 2021

Explanatory Notes:

- i. **Resolution 2** - Mr. Roberto Dona, if re-elected, will remain as the Non-Executive Chairman and Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The Board considers Mr. Roberto Dona to be independent pursuant to Rule 704(7) of Catalist Rules.
- ii. **Resolution 3** - Mr. Teo Choon Kow @ William Teo, if re-elected, will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. The Board considers Mr. William Teo to be independent pursuant to Rule 704(7) of Catalist Rules.
- iii. **Resolution 4** - Mr. Ang Chiang Meng, if re-elected, will remain as the Executive Director and a member of the Nominating Committee.

Mr. Ang was appointed as an Independent Director of the Company on 20 November 2020 and was re-designated as an Executive Director on 4 June 2021.

Notice Of Annual General Meeting

- iv. Resolution 5** - This Resolution is to facilitate the payment of Directors' fees during the financial year ending 31 December 2021 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 2021 ("FY2021"). Should any Director hold office for only part of FY2021 and not the whole of FY2021, the Directors' fee payable to him will be appropriately pro-rated.

- v. 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.

Notice Of Annual General Meeting

Important Notes to Shareholders on arrangements for the AGM:

1. **No Despatch Of Printed Copies of Notice of AGM, Proxy Form and Annual Report**

Printed copies of this Notice of AGM and the accompanying Proxy Form as well as the Annual Report for the financial year ended 31 December 2020 will not be despatched to Shareholders, and they can be accessed on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. The Company does not maintain a corporate website.

2. **Pre-Registration**

This AGM is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

A member will be able to participate at the AGM by watching the AGM proceedings via a “live” audio visual webcast via mobile phones, tablets or computers or listening to the proceedings through a “live” audio-only feed via telephone. In order to do so, a member must pre-register by 3.00 p.m. on 19 July 2021, at the URL <https://www.hybridevents.studio/AxingtonAGM/> for the Company to authenticate his/her/its status as members. Authenticated members will receive email instructions on how to access the “live” audio-visual webcast and “live” audio-only feed of the proceedings of the AGM by 3.00 p.m. on 21 July 2021.

Members who do not receive an email by 3.00 p.m. on 21 July 2021, but have registered by the 19 July 2021 deadline, may contact the Company at axington@outlook.com.

3. **Submission of Questions**

A member who pre-registers to watch the “live” audio-visual webcast or listen to the “live” audio-only feed may also submit questions related to the resolution to be tabled for approval at the AGM. Please note that members will not be able to ask questions at the AGM “live” during the audio visual webcast and the audio-only feed. To do so, all questions must be submitted by 3.00 p.m. on 19 July 2021:

- (a) via the pre-registration website at the URL <https://www.hybridevents.studio/AxingtonAGM/> ;
- (b) by email, to axington@outlook.com; or
- (c) by post, to be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898.

The Company will endeavour to respond to all substantial and relevant questions either prior to the AGM (via an announcement on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>) or at the AGM.

4. Submission of Proxy Forms

A member will not be able to vote through the “live” audio-visual webcast or “live” audio-only feed and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.

The proxy form for the AGM is made available with this Notice of AGM on the SGXNet on the same day.

In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

The Chairman of the AGM, as a proxy, need not be a member of the Company.

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

- (a) if submitted in hard copy by post, be lodged at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898; or
- (b) if submitted electronically, be submitted via email to axington@outlook.com,

in either case, no later than 3.00 p.m. on 20 July 2021.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Act (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **3.00 p.m. on 9 July 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than 3.00 p.m. on 20 July 2021**.

A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

Notice Of Annual General Meeting

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy).

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 the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY

By (a) submitting the Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or (b) submitting any questions prior to the AGM, or (c) submitting the pre-registration form in accordance with the instructions set out in this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM of the Company (including any adjournment thereof), processing the pre-registration forms for purposes of granting access to members for the live audio-visual webcast or live audio-only stream and providing them with any technical assistance where necessary, addressing of selected relevant and substantive questions received before the AGM of the Company and if necessary, following up with the relevant members in relation to such questions, the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"). The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting (“AGM” or the “Meeting”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 7 July 2021 which has been uploaded on the SGXNet on the same day. This proxy form may also be accessed at the URL <https://www.sgx.com/securities/company-announcements>.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. For investors who have used their Central Provident Fund (“CPF”)/ Supplementary Retirement Scheme (“SRS”) monies to buy shares in the capital of Axington Inc., this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors are requested to contact their respective Agent Banks to specify their voting instructions and to submit their votes by 3.00 p.m. on 9 July 2021.
4. By submitting an instrument appointing the Chairman as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 July 2021.
5. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member’s proxy to vote on his/her/its behalf at the AGM.**

I/We*,.....(name).....(NRIC/Passport No./Company Registration No.)
of(address) being a
member/members* of **AXINGTON INC.** (the “**Company**”), hereby appoint the Chairman of the Annual
General Meeting of the Company (“**AGM**”) as my/our proxy/proxies to attend, speak and vote for me/us
on my/our* behalf at the AGM to be convened and held by way of electronic means on Thursday, 22 July
2021 at 3.00 p.m. and at any adjournment thereof in the following manner:

Resolution No.	ORDINARY BUSINESS	For	Against	Abstain
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors’ Statement and Auditors’ Report thereon.			
Resolution 2	To re-elect Mr. Roberto Dona as Director of the Company pursuant to Article 101 of the Company’s Articles of Association.			
Resolution 3	To re-elect Mr. Teo Choon Kow @ William Teo as a Director pursuant to Article 101 of the Company’s Articles of Association.			
Resolution 4	To re-elect Mr. Ang Chiang Meng as a Director pursuant to Article 101 of the Company’s Articles of Association.			
Resolution 5	To approve payment of Directors’ fees of RM500,000 for the financial year ending 31 December 2021 to be paid quarterly in arrears.			
Resolution 6	To re-appoint Foo Kon Tan LLP as the Company’s Auditors and to authorise the Directors of the Company to fix their remuneration.			
	SPECIAL BUSINESS			
Resolution 7	To approve the authority to allot and issue shares and/or instruments.			

* Delete as appropriate

Proxy Form

If you wish to appoint the Chairman of the AGM as your proxy to cast all your votes “For” or “Against” a resolution, please indicate with a tick [✓] within the box provided in respect of that resolution. Alternatively, please indicate the number of votes “For” or “Against” in the “For” or “Against” box in respect of that resolution. If you wish to appoint the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with a tick [✓] in the “Abstain” box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM, as your proxy, is directed to abstain from voting in the “Abstain” box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2021

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

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

IMPORTANT: PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM.

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. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolution to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company. This Proxy Form may be accessed on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to axington@outlook.com,

in either case, by 3.00 p.m. on 20 July 2021, being 48 hours before the time appointed for holding the AGM.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **In view of the current COVID-19 situation and the related safe management measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

4. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a Proxy Form 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 Proxy Form, failing which the Proxy Form may be treated as invalid.

5. The Company shall be entitled to reject the Proxy Form 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 Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company shall be entitled to reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **3.00 p.m. on 9 July 2021** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than 3.00 p.m. on 20 July 2021**.

PERSONAL DATA PRIVACY By submitting an instrument appointing the Chairman as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 July 2021.

