

**AXCELASIA INC.**  
(Company No. LL12218)  
(Incorporated in Labuan and Listed on SGX-Catalist)  
(**Company**)

**MINUTES OF ANNUAL GENERAL MEETING**

MINUTES OF ANNUAL GENERAL MEETING (**AGM**) OF THE COMPANY HELD AT CONFERENCE ROOM 2, TKP CONFERENCE CENTRE RAFFLES PLACE, 55 MARKET STREET #03-01, SINGAPORE 048941 ON MONDAY, 9 APRIL 2018 AT 11.00 A.M.

PRESENT: Please refer to attendance list.

1. WELCOME ADDRESS

On behalf of the Board, the Chairman welcomed all present to the AGM. He then introduced members of the Board present, Mr Sivaruban Kandasamy (the Chief Financial Officer or **CFO**), Nexia TS Public Accounting Corporation (the auditors of the Company) and PrimePartners Corporate Finance Pte. Ltd. (the Sponsor).

2. QUORUM

The Chairman, after having ascertained that a quorum was present, called the meeting to order at 11.00 a.m. and proceeded with the formal business of the meeting.

3. NOTICE OF AGM

There being no objection from the shareholders present, the Notice of AGM dated 16 March 2018 (**Notice**) convening the meeting was taken as read.

4. VOTING TO BE CONDUCTED BY WAY OF POLL

The Chairman informed that all the resolutions at the AGM would be voted by way of poll in accordance with Rule 730A(2) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (**Catalist Rules**) and that Associate Corporate Services Pte. Ltd. had been appointed as Scrutineer for the poll.

In order to facilitate the conduct of the meeting, the voting on the resolutions and the collection of the poll voting slips will be done after all the resolutions have been proposed and seconded.

ORDINARY BUSINESS

5. AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE DIRECTORS' STATEMENT AND AUDITORS' REPORT – ORDINARY RESOLUTION 1

The Chairman informed the meeting that the first item on the Agenda of the AGM was to receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and Auditors' Report thereon.

The Chairman invited questions from the shareholders on the Reports and Financial Statements. The shareholders were requested to give their names before they raised any questions at the meeting.

A shareholder, Mr Ng Chee Kiong, asked if the Company has received a list of questions from the Securities Investors Association of Singapore (**SIAS**) to which the CEO acknowledged that

the Company did receive a list of questions from SIAS prior to this AGM and would be happy to answer the same at the AGM. The shareholder said that his questions would be mainly going through the questions from SIAS.

The questions raised by the shareholder and the responses/explanation given are set out in Appendix 1 of these minutes.

There being no further questions from the shareholders present, the Chairman then requested two shareholders to propose and second the following motion:

**“That the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Directors’ Statement and Auditors’ Report thereon, now submitted to this meeting be received and adopted.”**

The motion was duly proposed and seconded.

6. RE-ELECTION OF MR. TAN SEE YIN - ORDINARY RESOLUTION 2

The meeting was informed that in accordance with Article 97 of the Articles of Association of the Company, Mr. Tan See Yin was due for retirement at the AGM and he had offered himself for re-election. The Nominating Committee (**NC**) had recommended that he be re-elected as a Director of the Company.

It was noted that Mr. Tan See Yin will, upon re-election, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

There being no question, the Chairman proposed the following motion which was seconded by a shareholder:-

**"That Mr. Tan See Yin be re-elected as a Director of the Company."**

7. RE-ELECTION OF DATIN ISHARIDAH BINTI ISHAK - ORDINARY RESOLUTION 3

The meeting was informed that in accordance with Article 97 of the Articles of Association of the Company, Datin Isharidah Binti Ishak was due for retirement at the AGM and she had offered herself for re-election. The NC had recommended that she be re-elected as a Director of the Company.

It was noted that Datin Isharidah Binti Ishak will, upon re-election, remain as Chairperson of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

There being no question, the Chairman proposed the following motion which was seconded by a shareholder:-

**"That Datin Isharidah Binti Ishak be re-elected as a Director of the Company."**

8. DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018 – ORDINARY RESOLUTION 4

The Chairman informed the shareholders that the next item on the Agenda was to approve the proposed payment of Directors’ fees for the financial year ending 31 December 2018 (**FY2018**).

It was noted that Resolution 4 was to facilitate the payment of Directors’ fees during FY2018 in which the fees were incurred. The aggregate amount of Directors’ fees was calculated on the assumption that all the present Directors would hold office for the whole of FY2018 and should any Director hold office for only part of FY2018 and not the whole of FY2018, the Directors’ fees payable to him/her would be appropriately pro-rated.

The Chairman further informed that the increase in the Directors' fees is due to the inclusion of his Director's fees following his re-designation as Non-Executive Chairman of the Company. All the other directors' fees remain unchanged.

There being no question, the Chairman then requested two shareholders to propose and second the following motion:

**“That the payment of the Directors' fees totaling RM324,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears, be approved.”**

The motion was duly proposed and seconded.

9. RE-APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION 5

The meeting was informed that Nexia TS Public Accounting Corporation had indicated their willingness to continue as auditors of the Company for the ensuing year and the Audit Committee had also recommended their re-appointment.

There being no question, the Chairman proposed the following motion which was seconded by a shareholder:-

**“That Nexia TS Public Accounting Corporation be re-appointed as the Company's Auditors to hold office until the conclusion of the next annual general meeting of the Company and that the Directors be authorised to fix their remuneration.”**

10. ANY OTHER BUSINESS

As no notice had been received in respect of any other business that may properly be transacted at the AGM, the Chairman proceeded to deal with the special businesses as set out in the Notice.

SPECIAL BUSINESS

11. AUTHORITY TO ALLOT AND ISSUE SHARES – ORDINARY RESOLUTION 6

The Chairman informed the meeting that pursuant to Article 3 of the Company's Articles of Association and Rule 806 of the Catalist Rules, shareholders' approval is required to authorise the Directors to allot and issue new ordinary shares and/or grant instruments in the capital of the Company up to the limit specified in the resolution and that the proposed Resolution 6 was to seek shareholders' approval for this authority.

In response to a query from Mr Ng Chee Kiong (a shareholder), the Chairman said that there were no current plans for the Company to allot and issue shares, but the Company is obtaining the general share issue mandate to allow the Company to do so, if needed, as part of the annual approval process.

There being no further questions, and with consent of the shareholders, Resolution 6 as referred to in the Notice was taken as read and shareholders were invited to propose and second Resolution 6 as set out in the Notice.

The motion was duly proposed and seconded.

12. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE AXCELASIA PERFORMANCE SHARE PLAN – ORDINARY RESOLUTION 7A

The next item on the Agenda was to seek shareholders' approval to authorise the Directors to

offer and grant awards and issue shares under the Axcelasia Performance Share Plan (**Share Plan**).

The meeting was informed that controlling shareholders and their associates are not eligible to participate in the Share Plan and shareholders who are eligible to participate in the Share Plan were to abstain from voting on Resolution 7A.

With the consent of the shareholders, Resolution 7A as referred to in the Notice was taken as read and the Chairman requested two shareholders to propose and second Resolution 7A.

The motion was duly proposed and seconded.

13. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE AXCELASIA EMPLOYEE SHARE OPTION SCHEME – ORDINARY RESOLUTION 7B

The last item on the Agenda was to seek shareholders' approval to authorise the Directors to offer options and issue shares under the Axcelasia Employee Share Option Scheme (**Scheme**).

The meeting was informed that controlling shareholders and their associates are not eligible to participate in the Scheme and shareholders who are eligible to participate in the Scheme were to abstain from voting on Resolution 7B.

With the consent of the shareholders, Resolution 7B as referred to in the Notice was taken as read and the Chairman requested two shareholders to propose and second Resolution 7B.

The motion was duly proposed and seconded.

14. VOTING BY POLL AND COUNTING OF VOTES

A poll was conducted and the shareholders were reminded to complete and sign the poll voting slips before handing the same to the officials for the tabulation of the results of the poll.

The meeting was adjourned for the tabulation of the poll voting results.

15. RESULTS OF POLL

The Meeting resumed and the Chairman announced the poll results as follows:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
<b>Ordinary Business</b>					

<u>Resolution 1</u> To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statement and Auditors' Report thereon.	113,870,230	113,870,230	100	0	0
<u>Resolution 2</u> To re-elect Mr. Tan See Yin as Director of the Company.	113,870,230	113,870,230	100	0	0
<u>Resolution 3</u> To re-elect Datin Isharidah Binti Ishak as Director of the Company.	113,870,230	113,870,230	100	0	0

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 4</u> To approve payment of Directors' fees for the financial year ending 31 December 2018, to be paid quarterly in arrears	113,870,230	113,870,230	100	0	0
<u>Resolution 5</u> To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration.	113,870,230	113,870,230	100	0	0
<b>Special Business</b>					
<u>Resolution 6</u> To approve the authority to allot and issue new shares and/or instruments.	113,870,230	113,870,230	100	0	0

<u>Resolution 7A</u> To approve the authority to allot and issue shares under the Axcelasia Performance Share Plan.	102,701,060	102,701,060	100	0	0
<u>Resolution 7B</u> To approve the authority to allot and issue shares under the Axcelasia Employee Share Option Scheme.	102,701,060	102,701,060	100	0	0

16. CLOSING ADDRESS

There being no further business, the Chairman declared the meeting closed at 12.00 p.m. and thanked all present for attending the meeting.

Confirmed,

Dr. Veerinderjeet Singh  
Chairman

## **APPENDIX 1**

### **AXCELASIA INC.**

Minutes of Annual General Meeting held on 9 April 2018

Summary of Questions and Answers

**Question 1 : On 9 April 2017, Company had acquired Audex Governance Sdn. Bhd. (Audex) for RM2.88 million. What is the status of integration? Has Audex been completely integrated into the Company?**

**Answer :** Yes, the integration of Audex has been completed.

Audex is in the business of providing internal audit services which is similar to one of the business activities of Axcelasia Columbus Sdn. Bhd. (**Axcelasia Columbus**).

Before acquiring Audex, the Company had prepared a checklist of items to be completed prior to purchase, at time of purchase and after purchase. In less than 3 months after the acquisition, Audex has been integrated and is now part of the consulting unit.

More than 90% of the business of Audex comprises internal audit services. Integration has been very positive and there are cross-selling opportunities for the other divisions.

**Question 2 : Does the Company have any plans to cross sell and do we see any traction? What about talent retention?**

**Answer :** To date, the Company has won more than 10 new engagements from Audex's existing clients for services other than internal audit in a period of 9 months.

In terms of talent retention, currently the 3 key staff i.e. the executive director and 2 directors remain with us. There is no indication that any one of them is leaving. In addition, most of the senior staff comprising, associate directors and managers have stayed on with us.

**Question 3 : Are there concerns that the customers will leave after the acquisition?**

**Answer :** One important part of the integration was that all clients of Audex have become clients of Axcelasia Columbus within the first 3 months after the acquisition.

We have also placed our other directors to work with some of the clients of Audex and vice versa.

**Question 4 : The next question is regarding the subsidiaries' performance. According to the Chairman's Statement, one of the growth areas is to expand in ASEAN and so, we have set up companies in Singapore, Vietnam and Laos. But so far, these subsidiaries have not performed well. For example, on page 81 of the Annual Report 2017, Axcelasia Singapore's loss for 2016 was RM663,562 and the loss for 2017 was RM482,027. As for Axcelasia Vietnam, the loss was RM1,274,195. Can the Company share what had happened and the challenges we are facing?**

**Answer :** One of the key challenges of expanding overseas is finding a suitable local partner.

We decided on an organic growth model where we found a local partner with the necessary consulting experience to collaborate with us. For these 3 locations, Singapore, Laos and Vietnam, the respective local partners have the necessary experience and credential and was willing to contribute capital to the business.

Another challenge is the branding, i.e. getting the market to know our brand name. We are well established in Malaysia and are now trying to establish ourselves in the ASEAN countries. However, we are new in those markets and it will take a while to establish ourselves in the new market. In addition, there are also other competitors in the market.

In Vietnam, we had a number of staff that were brought in by the local partner for tax advisory and business consulting. We have incurred higher costs in terms of salary and rental.

It was difficult to penetrate the Vietnam market. Despite the attempts made by the local partners, we did not achieve our targeted growth in terms of revenue. We have announced to SGX that the Vietnam operations will remain dormant until a suitable local partner is found.

At the moment, the business in Laos is temporarily inactive and we are constantly on the look-out for potential acquisition targets or identify suitable business partners. For Axcelasia Singapore, it has projects in hand but we are keeping it lean so as to minimize costs.

In the meantime, we are getting back on track by focusing on our Malaysian operations which have been generally profitable. The Board has agreed that we should focus on the Malaysian operations by increasing profitability and subsequently to generate a small dividend to our shareholders while we continue keep a look out for potential acquisitions.



**Question 5 : We have not seen good results for the joint ventures. Is it because the Company is a major shareholder, holding 70% shareholdings and the local partners do not have much incentive to work hard and would just follow the instructions given by the Company. Would it be this type of situation?**

**Answer :** There were many factors but the local partners were local in terms of jurisdiction, and as such, they are familiar with the business environment. In the long term, if the business showed profitability, they would also be rewarded with bonuses and dividends. Thus, there were adequate incentives for them to focus on the business and the fact that they were willing to put in capital as a shareholder was a very good sign.

The local partners at that time were only prepared and wanted to invest a certain amount as capital and therefore, they only had a 30% stake in the venture.

**Question 6 : Axcelasia HR Consulting Sdn. Bhd. (HR Consulting) has made a profit in year 2016 but is making a loss in FY 2017. Can Company enlighten us on this issue?**

**Answer :** HR Consulting was a new business line of the Company when the Company was listed. HR Consulting started off with a few major HR projects from the Companies Commission of Malaysia apart from a few other profitable consulting assignments. We have competitors who are HR specialists as well. Last year our success in terms of converting the proposals that we issued was low. This year, the management will be monitoring the performance for the first 6 months before coming up with other options.

**Question 7 : Based on the financial results under the Financial risk factors (page 92 of the Annual Report 2017), the total receivables was RM6.3 million. Out of this RM6.3 million, RM4,323,761 was past due but not impaired. There has been an increase from RM2,470,783 to RM4,323,761. Can the Company explain what happened and for those receivables more than 90 days, have we collected all the monies?**

**Is this problem in relation to Audex rather than Axcelasia as Audex has a longer collection period?**

**Answer :** SIAS has raised the same point as well.

All professional firms face the same issue about having overdue receivables before these are eventually collected. However, we have, since the year end, collected about 46% of those debts that were outstanding for more than 90 days as at the year end.

The number of days that the receivables are outstanding compared to last year has remained unchanged at around 110. Revenue has increased in FY 2017 and consequently the receivables at the year- end has also increased.

Most of our clients are listed and large companies and we do not have any history of major bad debts.

**Question 8 : Based on the report, Audex's original receivables are around RM3 million but only over RM1 million was realised. Are we expecting the remaining over RM2 million to be written off?**

**Answer :** This amount had been provided for before the acquisition of Audex.

**Question 9 : In the Chairman's Statement (page 2 of the Annual Report 2017), it was stated that the Company had secured mandates in the areas of due diligence, share valuation and accounting standards conversion. How many mandates have been secured and were these mandates for this year or last year? Will the Company be expecting better results going forward?**

**Answer :** The Company had secured a number of new mandates in FY2017. These new service lines have good potential and the Management and Board were satisfied with the results so far.

The Chief Executive Officer (**CEO**) added that in the first three months of 2018, the Company has secured a number of jobs relating to corporate and financial reporting advisory work and he observed a positive trend in this area of work.

**Question 10 : Based on the financial results under the Segment Information (page 95 of the Annual Report 2017), EMS Application is not performing well. Was the Company a distributor or producer of the EMS Application software and whether the Company was continuing with this business?**

**Answer :** Management informed that the Company is the proprietary developer of this EMS software, known as "Enterprise Management System", which was mainly used for risk management. The software is mainly targeted for listed and large organisations. Apart from a one-off software cost, organisations are also charged a yearly software maintenance cost.

The Company is continuing with the business and believes that the software is a useful tool for large organisations.

However, in view of the losses in the last two financial years, the management will be monitoring closely the performance for the first 6 months before coming up with other options.

**Question 11 : There has been an increase of over RM100,000 in the revenue from licensing of software (page 71 of the Annual Report 2017). Is there a discrepancy in this figure or is there any other software that the Company sells?**

**Answer :** There is only one software developed by the Company. The difference is due to intragroup billings and its classification.