

**ACESIAN PARTNERS LIMITED**

**ANNUAL REPORT 2020**

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalyst for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.

This annual report has not been examined or approved by the Exchange and the Exchange 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 Liao H.K.  
Telephone number: 6221 0271

# CORPORATE PROFILE

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Founded in Singapore in 1998, Acesian Partners Limited ("Acesian" or the "Company", formerly known as Linair Technologies Limited) is a multi-disciplinary group serving as a one-stop provider of environmental solutions and integrated services to diverse industries including the semiconductor, wastewater treatment, chemical, pharmaceutical and biotechnological industries, electric car industries. The Company was successfully listed on the SGX Sesdaq (now known as Catalist) in February 2005. In late 2015, we set up our latest business unit, Information Communication Technologies ("ICT"), dedicated to meeting the needs of the audio-visual industry and providing a one-stop solution to our contractors, consultants and customers, where our products range from simple video-conferencing solutions to large-scale command centres and integrated video wall set-ups.

## MANUFACTURING, DISTRIBUTION AND SERVICES

Acesian has established a strong position in the duct manufacturing industry. Our manufacturing capability encompasses Ethylene Tetrafluoroethylene ("ETFE") coated stainless steel ducts, stainless steel ducts, and other specialised exhaust system components.

Acesian's competitive advantage is our FM-approved status (an international commercial and industrial property insurance and risk management organisation) for production of ETFE-coated ducts. Our FM approved ETFE coated ducts, marketed under the brand name of CMT™ are highly corrosion resistant and designed to handle both flammable and non-flammable corrosive/toxic fumes in exhaust systems.

Our high quality stainless steel ductwork and accessories are suitable for less corrosive applications such as heating, ventilation and air-conditioning systems for commercial and industrial buildings.

Acesian's line of products is widely used in biotechnology, pharmaceutical and waste water treatment facilities. Besides ducts, Acesian also manufactures laboratory air flow products. Our Isolation Dampers are designed for effective shut-off and isolation of one or more tiers of filters in hazardous containment exhaust systems. In bio-hazardous environments, the dampers enable air filtration systems to be shut off for decontamination, or for filter changes. Our

Ecoflow Venturi fast response variable air volume valve offers solutions for critical airflow application in laboratories, healthcare facilities and life science facilities, which require proper directional airflow. The valve, with state-of-the-art venturi flow measurement coupled with a high accuracy flow sensor, provides real-time "true" flow feedback which is essential in critical airflow control. The valve can also be lined with FM-approved ETFE coating, which would be the ideal choice in applications involving the handling of highly flammable/corrosive fumes in exhaust systems. The coating is tested and certified for compliance with ASTM E-84 class A material standards i.e. low flame spread and low smoke development, such that its use will significantly reduce fire hazards to end users. The valve is now widely used in many laboratories in Singapore.

## INFORMATION COMMUNICATION TECHNOLOGIES

Our ICT unit has gained significant market recognition over the past few years by providing a complete range of services (including design and build audio-visual solutions, system integration and managed services) to our contractors, consultants and customers in diverse sectors (such as commercial, financial, education), as well as to the community. In order to meet the needs and objectives of our increasing clientele, our staff strength has grown significantly since inception. We are a member of Audiovisual and Integrated Experience Association, or AVIXA with Certified Technology Specialist™ (CTS®) as well as a certified Creston Partner, Cisco Select Partner, SMART Enterprise Dealer and HDBaseT Trainer (all of which are recognised worldwide).

# LETTER TO SHAREHOLDERS

“

We remain focused on sharpening our competencies through our multi-functional research and development team; seeking innovative ways with nimbleness to make our business newly relevant and building up capability for sustainable business development.

”

## DEAR SHAREHOLDERS

The fundamental order of markets in financial year 2020 was severely disrupted by the unprecedented nature and severity of the coronavirus (“Covid-19”) pandemic. The Covid-19-dominated environment affected almost every facet of business. The construction sector was in a state of shock and had been one of the hardest-hit industries, which had a significant bearing on our businesses (in particular, the manufacturing segment). The two-month-long circuit breaker (and subsequent phased reopening and restricted movements) brought the business activities of the construction sector to a near standstill and resulted in projects getting pushed back, and correspondingly led to an intense slowdown to our businesses (in particular, the manufacturing segment). However, on the flip side, the rise in demand for some Information and Communication Technology (“ICT”) equipment (such as security management systems) during the lockdown periods helped to moderate the Covid-19 impact (which had otherwise dampened the general demand for ICT equipment).

In correspondence to the pandemic, Acesian had at the onset embarked on a cost control exercise (including painful payroll saving measures) when the Covid-19 situation arose and worsened by the day, as well as adopted a prudential approach in managing its cash flow to conserve cash. Subsequently, in consideration of the improved Covid-19 situation and the Group’s performance (as well as recognising the importance of mutual sacrifices in times of crisis), the Group empathetically returned the salary savings. Operationally, in spite of the constraints and upended supply chains during the initial stages of Covid-19, we acted swiftly and managed to establish alternative supply chains and reorganise production schedules to mitigate the disruptions in order fulfilment.

The business activities of the manufacturing segment, after the lifting and relaxation of lockdowns and restrictions, gradually improved on the back of the resumption of more construction activities in the fourth quarter. On the other hand, the overall business activity of the engineering segment remained lukewarm.

## FINANCIAL PERFORMANCE

Notwithstanding the erratic market conditions and relentless disruptions wrought by the Covid-19 outbreak, the Group managed to record a marginal net profit in Financial Year (“FY”) 2020 (of S\$50,000, compared to a net loss of S\$7.2 million in FY2019). The loss in FY2019 was substantially attributed to write-offs of non-recoverable assets (although partially offset by the extinguishment of

debts) of Acesian Star (S) Pte. Ltd. ("ASPL"), resulting from the amicable settlement of several long-standing legal disputes in December 2019 (announced on 18 December 2019) ("Global Settlement").

The overall revenue declined 22.3% or S\$2.7 million year-on-year from S\$12.2 million in FY2019 to S\$9.5 million in FY2020, owing predominantly to the devastating effect of Covid-19 which led to the suspensions and restrictions of business activities in the second and third quarters of the year. The gross profit margin in FY2020 was comparable at 32.9% (FY2019: 34.1%).

Other operating income decreased by 71.3% or S\$2.0 million (from S\$2.8 million in FY2019 to S\$0.8 million in FY2020, in the absence of one-off gains pertaining to disposal of a subsidiary and trade and other payables written back in relation to the Global Settlement in FY2019), although this was partially offset by the Singapore Government's support measures (such as the Jobs Support Scheme to offset local employees' wages) recognised in the current financial year.

Administrative expenses decreased by 35.9% or S\$1.6 million from S\$4.3 million in FY2019 to S\$2.7 million in FY2020; this was mainly due to legal expenses of S\$1.0 million incurred in FY2019 in relation to several long-standing legal disputes, and reduction in staff costs partly attributable to business rationalisation. The other operating expenses in FY2019 included non-recurring expenses of approximately S\$8.1 million pertaining to write-offs of bad debts and contract assets in relation to the Global Settlement. Excluding the foregoing non-recurring expenses, other operating expenses decreased by 32.3% or S\$0.5 million from S\$1.6 million in FY2019 to S\$1.1 million in FY2020 largely due to reductions in operating lease rentals, general expenses and exchange gains, offset by an increase in inventories written down.

With our financial prudence and liquidity preservation, the Group maintained a healthy liquidity position. Cash and cash equivalents increased by S\$0.3 million and stood at S\$4.5 million as at 31 December 2020. The increase in cash equivalents during FY2020 was generated from net cash inflows of S\$0.9 million from operating activities after working capital changes, and was offset partially by net cash outflow of S\$0.2 million from financing activities and net cash out flow of S\$0.4 million from financing activities.

## **BUSINESS TRANSFORMATION JOURNEYS AND STRENGTHENED FOUNDATION**

Despite the widespread havoc caused by the pandemic, our previous (and still ongoing) efforts on business revamping and restructuring (which were first taken in 2018) have put our businesses in good stead to navigate through these trying times. Our preparedness allows us to swiftly respond to market changes and customers' expectations and demands. We built on the momentum of 2018 / 2019 (despite progress being somewhat stymied in 2020), and laid a stronger business foundation. Thus, it is of paramount importance to stay oriented and keep up with our strategic priorities in a coherent manner (notwithstanding the pandemic setting our efforts back by possibly up to a year).

Our core manufacturing and distribution segment remains steadfast, and this is attributable to our product quality excellence and delivery lead-time advantage (which of course continue to be part of our strategic priorities). Quality is a never-ending journey, and with our dedication and commitment to staying the course, we will continue to innovate and raise our product quality standards. Our production process and ability to produce quality ducts at a high capacity have improved over the past years, and become more agile and flexible; thereby giving us a significant competitive edge in terms of the speed of order fulfilment (particularly since this is an influential factor and important deliverable for most of our customers). Moving to a new and larger warehouse in Singapore also allowed us to bulk up core inventories and improve delivery time – changes which will get us closer to our customers.

We remain focused on sharpening our competencies through our multi-functional research and development team; seeking innovative ways with nimbleness to make our business newly relevant and building up capability for sustainable business development. The innovation efforts directed at expanding our product offerings have started gaining traction in environmental solutions and controls (such as critical environment control systems).

The business of our ICT segment was generally sluggish in FY2020, as the Covid-19 pandemic put a damper on the growth trajectory of this segment. There was a silver lining in these extraordinary times, where social distancing measures served as a catalyst that helped to stimulate demand for some ICT equipment. We will continue with our development plan through sectoral expansion and product offerings and solutions diversification.

## OUTLOOK

The road to eliminating Covid-19 is expected to be long and paved with exceptional uncertainty and changing circumstances. The construction sector is also facing a raft of challenges such as a labour crunch, rising costs of materials and supply disruptions. A sluggish pace of recovery of the construction sector will curtail the business activities and performance of the Group. In addition, the rising US-China trade tensions have unsettled the markets and may weigh even further on businesses (in particular, the semiconductor sector). For our ICT business, customers slashed capital spending as they reeled from the fallout of the Covid-19 pandemic and we expect this trend to continue for the foreseeable future. Consequently, the operating environment (particularly for the construction sector) in the near term will continue to remain challenging.

On the bright side, the semiconductor industry remains resilient and many market analysts are optimistic. In this respect, markets appear to predict that the semiconductor sector is heading for accelerating growth through 2022, in anticipation of a brighter year ahead due to the demand push by upcoming technologies such as 5G and the automotive sector; as such, the business of our manufacturing segment should reap the benefits of such growth.

## LOOKING AHEAD

Despite the market fragility and daunting challenges ahead, we are cautiously optimistic in our business outlook and will continue to reorient ourselves to stay relevant in the market and chart a different path for the Group. The Group, sparing no effort in its drive for growth and profitability, will continue the transformation journeys to reposition its business for the future, and capitalise on the market uptrend in the semiconductor sector. In light of the possibility of Covid-19 staying for a prolonged period of time, we will continue to put in place measures to see the Group through the crisis and take a disciplined approach to cost management.

## ACKNOWLEDGEMENTS

We believe a united front and joint effort will help to overcome these uniquely challenging times. On behalf of the Board of Directors, we would like to thank our shareholders, colleagues and other stakeholders (especially our valued customers and suppliers) for their unstinting support. Also, we especially wish to express our appreciation to Acesian's employees for their unwavering support; together, we will weather the storm, ride out this crisis and emerge stronger once the dust has settled. We look forward to your continued support as we look to expand our business.

### LOH YIH

Managing Director

# BOARD OF DIRECTORS

## **MR LOH YIH**

*Executive Director & Managing Director*

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Mr Loh Yih joined the Group in September 2013. He is the Managing Director and is responsible for the overall management and performance of the Group. He is also the Managing Partner of MGF Management Pte Ltd, which was an exempt fund management company that focuses primarily on China Private Equity Investment. In 2005, he invested in Netplus Communication Pte Ltd, an internet service provider in Singapore. He took over as Managing Director from 2005, restructuring and turning the company around before selling the entity to MediaRing, a listed company in 2006. He has a professional background in financial services. He has held positions in merchant banking with Standard Chartered Merchant Bank Asia Ltd and West Merchant Bank and in audit with Ernst & Young LLP. He currently holds directorships in other listed companies such as Ban Leong Technologies Limited and International Press Softcom Limited. He completed his directorship term in Weichai Power Co. Ltd ("Weichai"), listed in HKEX and SZSE, in June 2018 but was subsequently appointed by State Owned Assets Supervision and Administration Commission of Shandong Provincial Government, China (SASAC), as a foreign director of Shandong Heavy Industry Group in September 2018, a parent company of Weichai, Shantui Construction Machinery Co Ltd and Weichai Heavy Machinery Co Ltd listed in Shenzhen, Yangzhou Yaxing Motor Coach Co Ltd listed in Shanghai, Kion Group AG listed in Frankfurt, Power Solutions International Inc. listed in New York and Ferretti Group.

He graduated with a Bachelor's Degree in Accountancy (Honours) from National University of Singapore in 1988.

## **MR NEO GIM KIONG**

*Non-Executive Chairman & Lead Independent Non-Executive Director*

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Mr Neo Gim Kiong was appointed as the Company's Lead Independent Non-Executive Director on 2 August 2018 and as the Board Chairman on 17 August 2018. He is also the Chairman of the Audit Committee and Nominating Committee and member of the Remuneration Committee. He is the Executive Director and Chief Executive Officer of Sen Yue Holdings Ltd, a company listed on SGX-Catalist, where he is responsible for the overall profit and loss, strategic restructuring and expansion of business activities of the Group. He is also the Founding Director of Dollar Tree Inc Pte Ltd, a business advisory company incorporated in Singapore in 2004. He currently holds directorships in other listed companies such as Ban Leong Technologies Limited and International Press Softcom Limited as well as other non-listed entities.

He graduated with a Bachelor of Science Degree in Mathematics (Honours) from National University of Singapore in 1993.

## **MR WONG KOK CHYE**

*Executive Director & Group Chief Operating Officer*

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Mr Wong Kok Chye joined the Group in Year 2000 and is currently the Group Chief Operating Officer and Executive Director. He has over 20 years of experience in Air-Conditioning and Mechanical Ventilation System of semiconductor. His role is to focus on the operation of our manufacturing and distribution businesses.

He holds a Bachelor Degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast.

## **MR QIU JUN**

*Executive Director & Business Development Director (China)*

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Mr Qiu Jun was appointed as our Executive Director and Business Development Director (China) on 8 August 2018. With his extensive business contacts and management experience in China, he is responsible in developing new business opportunities in China, managing outsource partners in China and any other China related businesses. Mr Qiu is also the Chief Executive Officer of Shanxi Brother Real Estate Co., Ltd, a real estate developer in China and Chief Executive Officer of Shanxi North-West Metal Logistics Co., Ltd, a logistic company in China.

## **MR HO TA-HUANG**

*Non-Independent Non-Executive Director*

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Mr Ho Ta-Huang is the founder and Chairman of Chern Dar Enterprise Company Limited, a business partner of Acesian Group, which is based in Taiwan. He is a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Mr Ho has over 30 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan.

Mr Ho is the honorary Chairman of the Taiwan Hardware Association and an inspector with the Taiwan Ventilation Equipment Association.

## **MR ONG CHIN LIN**

*Independent Non-Executive Director*

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Mr Ong Chin Lin was appointed on 30 November 2004 as the Independent Director. He is the Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee. Mr Ong had previously held senior financial and operational positions at Prima Flour Ltd, Malaysia-Beijing Travel Sdn Bhd and Nylect Technology Limited.

Mr Ong graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University in 1970. He is a fellowship member of the Institute of Chartered Accountants in England & Wales, and also a member of the Malaysia Institute of Accountants.



# SENIOR MANAGEMENT

## MR CHOO WAI LEONG, IVAN

*Deputy Chief Financial Officer*

Mr Choo Wai Leong, Ivan, was appointed as our Group Financial Controller on 28 August 2018, and was redesignated to Deputy Chief Financial Officer in March 2020. He is responsible for overseeing the Group's financial operations, accounting, taxation and regulatory compliance functions.

Mr Choo has more than 22 years of experience in finance and accounting in various industries and held several senior financial roles covering financial accounting, cost and management accounting, taxation and internal control. Mr. Choo is a fellow member of The Association of Chartered Certified Accountants ("ACCA"), UK and Chartered Accountant of the Institute of Singapore Chartered Accounts ("ISCA").

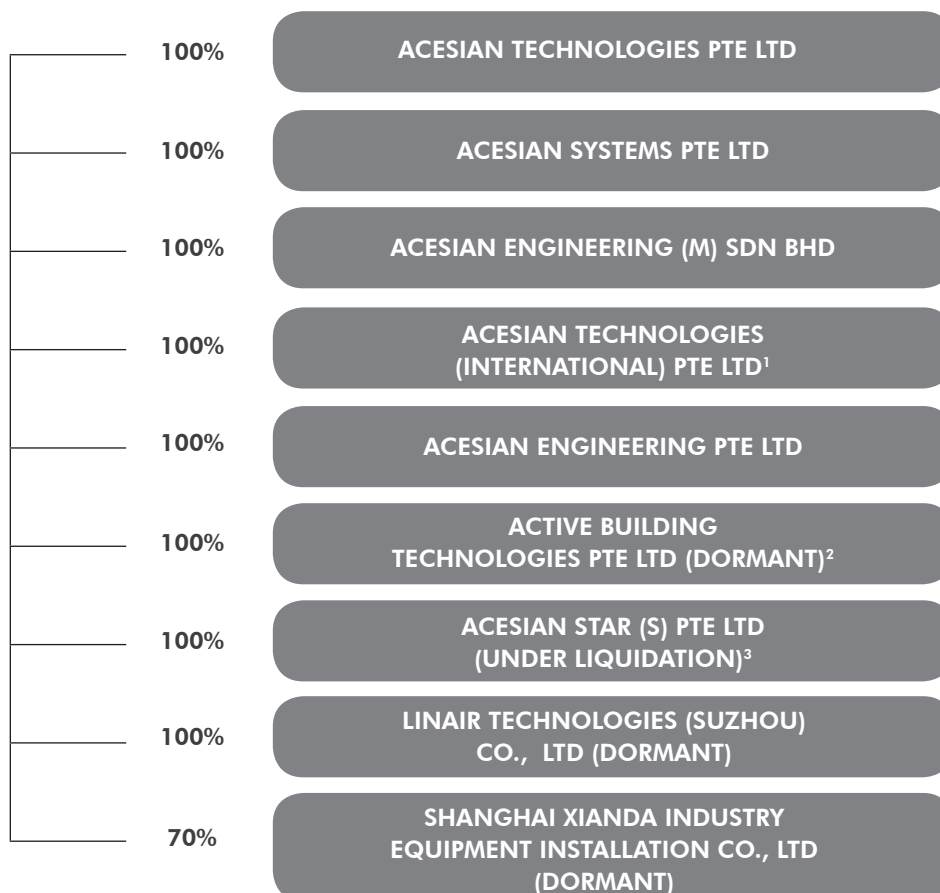
## MS LEE WEE BENG, VIVIAN

*Group Human Resource Manager*

Ms Lee Wee Beng, Vivian, joined the Group as HR Manager in June 2011. She is responsible for the Group's Human Resource program development and implementation. Ms Lee also oversees the Group's administration function.

Ms Lee has over 22 years of experience in developing people, business and operations both in Malaysia and Singapore. She has broad experience implementing service and operations excellence, process improvements and HR management programs. She holds a Bachelor Degree (Hons) in Business Administration from University of Bolton, United Kingdom.

# CORPORATE STRUCTURE



<sup>1</sup> Acesian Technologies (International) Pte Ltd was incorporated on 31 August 2020

<sup>2</sup> Active Building Technologies Pte Ltd is 100% owned by Acesian Star (S) Pte Ltd

<sup>3</sup> Acesian Star (S) Pte Ltd is under liquidation by an Order of Court made on 12 October 2020



# CORPORATE INFORMATION

## COMPANY REGISTRATION NUMBER

199505699D

## REGISTERED OFFICE

33 Mactaggart Road  
#04-00 Lee Kay Huan Building  
Singapore 368082  
Tel: (65) 6757 5310  
Facsimile: (65) 6757 5319  
Corporate Website: <http://www.acesian.com>

## DIRECTORS

Loh Yih  
*(Executive Director & Managing Director)*

Neo Gim Kiong  
*(Non-Executive Chairman &  
Lead Independent Non-Executive Director)*

Wong Kok Chye  
*(Executive Director & Group Chief Operating Officer)*

Qiu Jun  
*(Executive Director &  
Business Development Director (China))*

Ho Ta-Huang  
*(Non-Independent Non-Executive Director)*

Ong Chin Lin  
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

Neo Gim Kiong (**Chairman**)  
Ong Chin Lin  
Ho Ta-Huang

## NOMINATING COMMITTEE

Neo Gim Kiong (**Chairman**)  
Ong Chin Lin  
Ho Ta-Huang

## REMUNERATION COMMITTEE

Ong Chin Lin (**Chairman**)  
Neo Gim Kiong  
Ho Ta-Huang

## COMPANY SECRETARY

Lim Heng Chong Benny

## BANKERS

United Overseas Bank Limited  
DBS Bank Limited  
Maybank Singapore Limited  
Standard Chartered Bank (Singapore) Limited

## AUDITOR

PKF-CAP LLP  
6 Shenton Way #38-01  
OUE Downtown 1  
Singapore 068809  
Partner-In-Charge Sia Boon Tiong  
(with effect from financial year 2018)

## SHARE REGISTRAR

KCK CorpServe Pte. Ltd.  
333 North Bridge Road  
#08-00 KH KEA Building  
Singapore 188721

## SPONSOR

Asian Corporate Advisors Pte. Ltd.  
160 Robinson Road  
#21-05 SBF Center  
Singapore 068914

# CORPORATE GOVERNANCE

The Board of Directors (the “**Board**” or the “**Directors**”) of Acesian Partners Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report describes the corporate governance framework and practices of the Company with reference to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and the accompanying Practice Guidance to the Code for the financial year ended 31 December 2020 (“**FY2020**”). Explanations are provided where there are deviations from the Code. The Company has complied with the principles and provisions of the Code where appropriate.

## 1. BOARD MATTERS

### 1.1. 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 primary function of the Board is to protect and enhance long term value and returns for shareholders. The Board oversees the business affairs of the Company, 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. Besides carrying out its statutory responsibilities, the Board’s roles include:

- Providing entrepreneurial leadership and stewardship to the Company including charting its corporate strategies and business plans;
- Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- Authorising and monitoring major investment, acquisitions, legal initiatives and strategic commitments;
- Reviewing and assessing the performance of the Management;
- Overseeing the evaluation of the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes;
- Establishing a framework for effective control, including the safeguarding of shareholders’ interests and the Company’s assets;
- Providing guidance and advice to Management;
- Being responsible for good corporate governance;
- Considering sustainability issues, including environmental and social factors, as part of the Company’s strategic formulation;
- Identifying key stakeholder groups of the Company and recognising that their perceptions affect the Company’s reputation; and
- Setting the Company’s values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met.

Directors are aware of their duties at law, which includes acting in good faith and the best interests of the company, exercising due care, skills and diligence, and avoiding conflicts of interest. Formal communication from the Company are given to each director on their appointment, roles, duties, obligations and responsibilities, and expectations of the Company.

# CORPORATE GOVERNANCE

Accordingly, all Directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has also adopted strict internal guidelines and a financial authority limits structure setting forth matters that require Board approval. The Board's decision or specific approval is required on matters such as trade procurement exceeding S\$2,000,000, capital expenditure, major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's half year and full year results announcements and interested person transactions of a material nature.

The Company's Constitution permits the Directors of the Company to attend meetings by means of telephone conference, audio-visual or other similar communications means.

In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

|                                       | Board  | Audit Committee  | Remuneration Committee | Nominating Committee |
|---------------------------------------|--|------------------|------------------------|----------------------|
| <b>No. of meetings held in FY2020</b> | 4  | 4                | 1                      | 1                    |
| <b>Directors</b>                      | <b>Number of meetings attended in FY2020</b> |                  |                        |                      |
| Neo Gim Kiong                         | 4  | 4                | 1                      | 1                    |
| Loh Yih                               | 4  | 4 <sup>(1)</sup> | 1 <sup>(1)</sup>       | 1 <sup>(1)</sup>     |
| Wong Kok Chye                         | 4  | 4 <sup>(1)</sup> | 1 <sup>(1)</sup>       | 1 <sup>(1)</sup>     |
| Qiu Jun                               | 3  | 3 <sup>(1)</sup> | 0                      | 0                    |
| Ong Chin Lin                          | 4  | 4                | 1                      | 1                    |
| Ho Ta-Huang                           | 3  | 3                | 0                      | 0                    |

(1) Attendance by invitation.

To assist the Board in the discharge of its responsibilities, the Board has established the Audit Committee, Nominating Committee and Remuneration Committee (collectively referred to as the **"Board Committees"**). Upon establishment, the Board Committees operate within clearly defined terms of reference setting out their compositions, authorities and duties, and operating procedures (including reporting back to the Board), which would be reviewed on a regular basis to ensure continued relevance and consistency with the Code. Minutes of all Board Committees meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

## ACCESS TO INFORMATION

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. The Management reports to the Board the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner. Prior to each Board meeting, the Board members are each provided with the relevant documents and the necessary information to allow the Board to comprehensively understand the issues to be deliberated upon and to make informed decisions thereon, including periodic financial summary reports, budgets, forecasts and other disclosure documents. In respect of budgets, any material variances between projections and actual results of the Group will be reviewed by the Directors, and will be disclosed and explained by the Company to the shareholders. Directors are also entitled to request from Management additional information required to make informed decisions, which the Management will provide in a timely manner.

# CORPORATE GOVERNANCE

In exercising their duties, the Directors have unrestricted, separate and independent access to the Company's Management, company secretary ("**Company Secretary**") and independent auditors. The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the Management and the Non-Executive Directors, and is responsible to the Board for advising on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Company Secretary is a matter to be approved by the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

## 1.2. Board Composition and Guidance

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

The Board currently consists of six (6) Directors as follows:

|               |  |
|---------------|--|
| Neo Gim Kiong | Non-Executive Chairman and Lead Independent Non-Executive Director |
| Loh Yih       | Executive Director and Managing Director                           |
| Wong Kok Chye | Executive Director and Group Chief Operating Officer               |
| Qiu Jun       | Executive Director and Business Development Director (China)       |
| Ong Chin Lin  | Independent Non-Executive Director                                 |
| Ho Ta-Huang   | Non-Independent Non-Executive Director                             |

The Company endeavours to maintain a strong and independent element on the Board. At present, two (2) of the Company's Directors who are Independent Non-Executive Directors, constitute one-third of the Board. These Independent Directors, together with a Non-Executive and Non-Independent Director, make up half of the Board.

The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the Group's affairs with a view in the best interests of the Company.

The Non-executive Directors comprise half of the Board, which varied from Provision 2.3 of the Code which requires that non-executive Directors make up a majority of the Board. The Constitution of the Company provides that the Chairman has a second and casting vote in the case of an equality of votes. Given that the Chairman has a casting vote and is independent, and the Independent Directors make up one-third of the Board, and half of the Board are Non-Executive Directors, there is a strong and independent element on the Board.

Each Independent Non-Executive Director has, on an annual basis, provided a declaration of his independence. The Independent Directors have confirmed that they are independent in conduct, character and judgement, and they have no relationship (including those provided in Provision 2.1 of the Code) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company. The independence of each Director will be reviewed annually by the Nominating Committee in accordance with the requirements of Provision 2.1 of the Code. The Nominating Committee has reviewed and is of the view that the two (2) Independent Directors are independent and free from any relationships outlined in the Code. Accordingly, the Nominating Committee and the Board consider each of the Independent Non-Executive Directors to be independent based on the considerations of the requirements in Provision 2.1 of the Code and the declarations made by each of the Independent Non-Executive Directors.

# CORPORATE GOVERNANCE

The Board notes that Mr. Ong Chin Lin (“**Mr. Ong**”) has been an Independent Director of the Company for an aggregate period of more than 9 years. The Board regularly reviews the independence of Mr. Ong, and is of the opinion that he satisfies the Code’s requirements for independence, despite the period of his directorship in the Company. Mr. Ong has no relationship with the Company, its related companies, its substantial shareholders or its officers. Neither Mr. Ong nor any of his immediate family members has been employed by the Company or its related companies, has accepted any significant compensation by the Company or its related companies, has been a substantial shareholder, partner, director or executive officer of an organisation which has provided or received significant payments or material services from the Company, is a substantial shareholder of the Company, or has been directly associated with a substantial shareholder of the Company. In addition, the Board also reviews the performance of each Independent Director and is of the view that Mr. Ong, having gained a good understanding of the Group’s business and operations, has been able to bring valuable expertise, experience and knowledge to the Board. The Board also believes that Mr. Ong has provided the necessary and required stability to work with both new and old Directors to collectively drive the Group forward.

The Board also agrees that the independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on the number of years which they have served on the Board. The Company conducts a detailed and rigorous review to ascertain and satisfy itself of the independence of Mr. Ong.

Pursuant to the Transitional Practice Note 2 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Rules**”) which set out the transitional arrangements regarding the Code of Corporate Governance 2018, Catalist Rule 406(3)(d)(iii), which will come into effect from 1 January 2022, provides that a Director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an Independent Director has not been sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and CEO of the issuer, and associates of such Directors and CEO. The Company is in the midst of searching for a new independent director to replace Mr. Ong before the end of this calendar year 2021 and will announce such appointment in due course.

Save for Mr. Ong, the other Independent Director, Mr. Neo Gim Kiong, has not served on the Board for an aggregate period of more than 9 years (whether before or after listing).

A review of the size of the Board will be undertaken by the Company, and the Nominating Committee will also determine if the current size and composition of the Board are appropriate for the scope and nature of the Group’s operations, and facilitate effective decision-making. In line with the Code, the Nominating Committee will take into account the requirements of the Group’s businesses and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Nominating Committee considers the current Board size to be appropriate for effective decision-making, taking into account the nature and scope of the Group’s operations.

The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Nominating Committee has reviewed and is of the view that the current Board comprises persons who as a group provide the appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective, and the present composition of the Board allows it to exercise objective judgment on corporate matters, foster constructive debate, and avoid groupthink, and that no individual or small group of individuals dominates the decision-making process of the Board.

The Board recognises that board diversity is an essential element contributing to a well-functioning and effective Board, as well as the sustainable development of the Group. As such, the objectives of its board diversity policy are to promote and enhance the decision-making process of the Board through the perspectives derived from the professional expertise, business experience, industry discipline, skills, knowledge, gender, age, educational background, ethnicity and culture, length of service, and other diverse qualities of the Board members. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of its members, the Nominating Committee will consider the various aspects of board diversity, and set practical timelines to implement the policy. It will also report to the Board on an annual basis on the progress made in promoting and achieving its board diversity objectives.

# CORPORATE GOVERNANCE

The Non-Executive Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Non-Executive Directors may meet regularly on their own as warranted without the presence of Management.

The profiles of the Directors are set out on page 5 of this Annual Report.

Upon appointment to the Board, each Director will be given appropriate briefings by the Management on the business activities of the Group, its strategic direction and the Company's corporate governance policies and practices.

The Company has an orientation program for all new Directors, and the Directors also have the opportunity to visit the Group's operating facilities to gain a better understanding of the Group's business operations. Directors who are first-time directors, or who have no prior experience as directors of a listed company will undergo the Listed Entity Director Programme conducted by the Singapore Institute of Directors ("SID"), and will also undergo briefings on the roles and responsibilities as directors of a listed company.

All newly appointed Directors will receive a formal letter from the Company setting out the duties and responsibilities as a Director, along with an information pack containing the Company's annual report, Constitution, respective Board committees' terms of reference (where applicable), as well as a template director's disclosure form pertaining to his/her obligations in relation to disclosure of interests in securities and conflict of interests.

The Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Singapore Companies Act (Chapter 50) ("**Companies Act**") and the Catalist Rules of the SGX-ST, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. They are also informed of and are encouraged to attend relevant seminars such as those organised by the SGX-ST, SID and other external professional organisations to keep abreast of developments relevant to their roles.

## 1.3. Chairman and CEO

**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 Non-Executive Chairman and Lead Independent Non-Executive Director as at the date of this report is Mr. Neo Gim Kiong and the Managing Director is Mr. Loh Yih whose role is to focus on the corporate development activities, the expansion of the Group's businesses and day-to-day operations of the Group. The Group Chief Operating Officer ("**COO**") is Mr. Wong Kok Chye whose role is to focus on the operation and expansion of the Group's manufacturing and distribution businesses. The Company currently does not have a Chief Executive Officer.

The Non-Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agendas for the Board, and ensures that adequate time is available for discussion of all agenda items during the meetings, in particular strategic issues. The meeting agendas for Board Committees are approved by the Non-Executive Chairman together with the respective chairpersons of the Board Committees.

The Non-Executive Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and the shareholders of the Company. He encourages interactions between the Board and the senior management, as well as between the Executive and Non-Executive Directors, and promotes a culture of openness and debate at the Board. The Non-Executive Chairman also ensures that the Directors receive complete, adequate and timely information and ensures effective communication with shareholders. In addition, the Non-Executive Chairman takes a leading role in ensuring the Company's compliance with corporate governance principles and provisions.

# CORPORATE GOVERNANCE

The Board is of the view that the separation of the roles of Non-Executive Chairman, Managing Director and COO ensures an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making. The Non-Executive Chairman, the Managing Director and the COO are different persons and are not related to each other.

Mr. Neo Gim Kiong has been appointed as the Non-Executive Chairman and Lead Independent Non-Executive Director of the Company to lead and coordinate the activities of the Independent Directors and to address the concerns, if any, of the Company's shareholders. Led by the Lead Independent Director, the Independent Directors will also meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Board after such meetings. The Lead Independent Director is contactable through a dedicated email address which is displayed in the Company's website.

## 1.4. 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 Nominating Committee

The Company has constituted a Nominating Committee to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans. The Nominating Committee comprises Mr. Neo Gim Kiong (Chairman of the Nominating Committee), Mr. Ong Chin Lin, and Mr. Ho Ta-Huang, the majority of whom, including the Chairman, are independent.

The primary function of the Nominating Committee is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:

- (a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);
- (b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
- (c) to determine annually whether a Director is independent, in accordance with the principles and provisions contained in the Code;
- (d) to decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, where the Director has multiple board representations;
- (e) to review and approve any new employment of related persons and the proposed terms of their employment;
- (f) to put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board, the Chief Executive Officer or Managing Director of the Company, and key management personnel;
- (g) to decide how the performance of the Board, Board committees and directors may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term shareholders' value; and
- (h) to review the training and professional development programs for the Board.



# CORPORATE GOVERNANCE

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or re-nomination as a Director.

There is a formal and transparent process for the appointment of new Directors to the Board. The Nominating Committee reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board, with a view to advancing the Company's objective of promoting board diversity. The Nominating Committee uses its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In the nomination and selection process of a new Director, the Nominating Committee identifies key attributes of an incoming Director based on the requirements of the Group and recommends to the Board the appointment of the new Director. The Nominating Committee will use various channels in search of appropriate candidates, such as through Directors and Management's personal networks, or enlisting external help from the SID or professional consultants, and will take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board. In identifying potential new Directors, the Nominating Committee will also consider the various aspects of board diversity, including gender diversity, and will meet with short-listed candidates to assess their suitability, if necessary, before making a recommendation to the Board.

Annually, the Nominating Committee will assess the independence of each Director, the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. The Nominating Committee has conducted an annual review of the independence of the Independent Directors, based on the requirements of the Code, and has ascertained that they are independent. The Nominating Committee is also required to determine whether Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately. As a guide, the Nominating Committee and the Board have determined the maximum number of board representations on other listed companies that their Directors may hold to be six (6) based on its assessment of the time commitment requirements for the Group and the board representations each Director can reasonably be expected to manage. The Nominating Committee has reviewed and is satisfied that each Director has adequately discharged his duties and has contributed effectively and demonstrated commitment to his respective roles including his commitment of time for the Board and Board Committee meetings, attention given to the Company's affairs and any other duties in FY2020.

All Directors are subject to the provisions of Article 89 of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting ("**AGM**"), and each Director is required to subject himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the AGM following his appointment, and is eligible for re-election if he desires so.

The Nominating Committee has recommended to the Board that – Mr. Wong Kok Chye and Mr. Qiu Jun be nominated for re-election at the forthcoming AGM of the Company. Mr. Wong Kok Chye will, upon re-election as a Director, remain as Executive Director and Group COO of the Company. Mr. Qiu Jun will, upon re-election as a Director, remain as the Executive Director and Business Development Director (China) of the Company. The current directorships and other principal commitments of Mr. Wong Kok Chye and Mr. Qiu Jun are found in the table below.

# CORPORATE GOVERNANCE

Key information regarding the Directors, including the dates of initial appointment and last re-election of each Director, together with their directorships in other companies, are set out on page 5 of this Annual Report and below:

| Name of Director | Date of initial Appointment | Date of last re-election | Current   | Past 3 Years   | Other Principal Commitments                     |
|------------------|-----------------------------|--------------------------|---|--|---|
| Loh Yih          | 30 September 2013           | 25 June 2020             | <ul style="list-style-type: none"> <li>Ban Leong Technologies Limited</li> <li>International Press Softcom Limited</li> </ul>                                   | <ul style="list-style-type: none"> <li>Weichai Power Co. Ltd</li> <li>Trek 2000 International Limited</li> </ul>   | Nil   |
| Neo Gim Kiong    | 2 August 2018               | 26 April 2019            | <ul style="list-style-type: none"> <li>Sen Yue Holdings Limited</li> <li>Ban Leong Technologies Limited</li> <li>International Press Softcom Limited</li> </ul> | <ul style="list-style-type: none"> <li>Trek 2000 International Limited</li> <li>Astaka Holdings Limited</li> </ul> | Chief Executive Officer of Sen Yue Holdings Ltd |
| Wong Kok Chye    | 7 January 2013              | 26 April 2019            | Nil   | Nil  | Nil   |
| Qiu Jun          | 8 August 2018               | 26 April 2019            | Nil   | Nil  | Nil   |
| Ong Chin Lin     | 30 November 2004            | 26 April 2019            | Nil   | Old Chang Kee Ltd.   | Nil   |
| Ho Ta-Huang      | 7 December 2001             | 25 June 2020             | Nil   | Nil  | Chairman of Chern Dar Enterprise Co., Ltd       |

There are no alternate directors appointed in the Company.

# CORPORATE GOVERNANCE

**Additional information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rules:**

| Details   | Directors  |  |
|---|--|--|
|   | Wong Kok Chye  | Qiu Jun  |
| Date of initial appointment   | 7 January 2013   | 8 August 2018  |
| Date of last re-election  | 26 April 2019  | 26 April 2019  |
| Age   | 52   | 51   |
| Country of principal residence  | Singapore  | Singapore  |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors has accepted the Nominating Committee's recommendation, who has reviewed and considered Mr. Wong's performance and contribution as Executive Director and Group Chief Operating Officer of the Company. | The Board of Directors has accepted the Nominating Committee's recommendation, who has reviewed and considered Mr. Qiu's performance and contribution as Executive Director and Business Development Director (China) of the Company.  |
| Whether appointment is executive, and if so, the area of responsibility   | Executive<br><br>Responsible for the operation of manufacturing and distribution business of the Group   | Executive<br><br>Responsible for developing new business opportunities in China, managing the outsource partners in China and any other China related business   |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)   | Executive Director and Group Chief Operating Officer   | Executive Director and Business Development Director (China)   |
| Professional qualifications   | Bachelor Degree in Engineering   | Nil  |
| Working experience and occupation(s) during the past 10 years   | 2000 to Present<br>Executive Director and Chief Operating Officer of Acesian Partners Limited  | 2000 to Present<br>Chairman of Shanxi Brother Real Estate Co., Ltd<br><br>2000 to Present<br>Chairman of Shanxi North-West Metal Logistics Co., Ltd<br><br>2019 to Present<br>Kingman Trust Pte Ltd<br><br>2014 to 2020<br>Chairman of Great Tang Brothers (Nanyang) Investment Group Pte. Ltd |
| Shareholding interest in the listed issuer and its subsidiaries   | 7,401,000 ordinary shares (1.48%) (direct and deemed interest) in the share capital of the Company   | 50,600,000 ordinary shares (10.15%) (direct interest) in the share capital of the Company  |

# CORPORATE GOVERNANCE

| Details   | Directors     |  |
|---|---------------|--|
|   | Wong Kok Chye | Qiu Jun  |
| 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  | No            | No   |
| Conflict of interest (including any competing business)   | No            | No   |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer  | Yes           | Yes  |
| <b>Other Principal Commitments including Directorships</b>  |               |  |
| Past (for the last 5 years)   | Nil           | Great Tang Brothers (Nanyang) Investment Group Pte. Ltd  |
| Present   | Nil           | Shanxi Brother Real Estate Co., Ltd<br>Shanxi North-West Metal Logistics Co., Ltd<br>Kingman Trust Pte Ltd |
| <b>Information required pursuant to Catalist Rule 704(6)</b>  |               |  |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No            | No   |

# CORPORATE GOVERNANCE

| Details   | Directors  |         |
|---|--|---------|
|   | Wong Kok Chye  | Qiu Jun |
| (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? | Yes<br><br>The Company's wholly-owned subsidiary, Acesian Star (S) Pte. Ltd. ("ASPL") is under liquidation by an Order of Court made on 12 October 2020. Mr. Wong Kok Chye was a director of ASPL. | No      |
| (c) Whether there is any unsatisfied judgment against him?  | No   | No      |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?  | No   | No      |

# CORPORATE GOVERNANCE

| Details  | Directors     |         |
|--|---------------|---------|
|  | Wong Kok Chye | Qiu Jun |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?   | No            | No      |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No            | No      |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?  | No            | No      |

# CORPORATE GOVERNANCE

| Details  | Directors     |         |
|--|---------------|---------|
|  | Wong Kok Chye | Qiu Jun |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No            | No      |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?                          | No            | No      |
| (i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—  |               |         |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or   | No            | No      |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  | No            | No      |



# CORPORATE GOVERNANCE

| Details   | Directors     |         |
|---|---------------|---------|
|   | Wong Kok Chye | Qiu Jun |
| <p>(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</p> <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      |
| <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      |

# CORPORATE GOVERNANCE

## 1.5. 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.**

Review of the Board's performance will be conducted by the Nominating Committee annually. The Nominating Committee is guided by its terms of reference which sets out its responsibility for assessing the Board's effectiveness as a whole, the effectiveness of its Board Committees, and the contribution from each individual Director to the effectiveness of the Board. The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

In assessing the effectiveness of the Board, the Nominating Committee considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. The Nominating Committee's focus in the assessment of the Board's effectiveness is on its ability to provide supervision and oversight to the Management.

With regard to the performance evaluation process, each Director will complete an evaluation questionnaire to assess the performance of the Board as a whole and his individual performance, and provide the feedback to the Nominating Committee. Each member of the Audit Committee, Nominating Committee and Remuneration Committee will also complete evaluation questionnaires in respect of the Audit Committee, Nominating Committee and Remuneration Committee respectively. A summary report will be compiled by the Chairman of the Nominating Committee and submitted to the Chairman of the Board for analysis and discussion with a view to implement certain recommendations to further enhance the effectiveness of the Board. If necessary, a copy of the summary report will be extended to the individual Director for information and feedback. No external facilitator was used in the evaluation process.

In reviewing the Board's effectiveness as a whole, the Nominating Committee shall take into account feedback from Board members as well as the Director's individual skills and experience. The Nominating Committee will also consider the principles set out in the Code for the evaluation and assessment of the performance of the Board as a whole in achieving strategic objectives. The Nominating Committee is of the view that although some of the Directors have multiple board representations, these Directors are able and have been adequately carrying out their duties as Directors of the Company.

The Nominating Committee, having reviewed the overall performance of the Board and the respective committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each individual Director's performance, is of the view that the performance of the Board, the respective committees and each individual Director has been satisfactory.

# CORPORATE GOVERNANCE

## 2. REMUNERATION MATTERS

### 2.1. 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 Remuneration Committee comprises Mr. Ong Chin Lin (Chairman of the Remuneration Committee), Mr. Neo Gim Kiong and Mr. Ho Ta-Huang, the majority of whom, including the Chairman, are independent. The Remuneration Committee will meet at least once a year and is regulated by a set of written terms of reference that sets out its duties and responsibilities. Amongst them, the Remuneration Committee shall:-

- (a) recommend to the Board a framework of remuneration for the Board and determine the specific remuneration package for each Executive Director and the key management personnel of the Company. The Remuneration Committee's recommendations should cover all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, benefits-in-kind, and termination terms, to ensure that they are fair;
- (b) review, on an annual basis, the remuneration and any adjustments to the remuneration of employees who are related to the Directors and substantial shareholders of the Company, to ensure that their remuneration packages are in line with the Group's employee remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of the Remuneration Committee;
- (c) review the remuneration of the Executive Directors within a reasonable period from the Board's approval of the audited financial statements for the immediate preceding financial year and review the remuneration of the key management personnel (who are not Directors or the Chief Executive Officer/ Managing Director) of the Company at the end of each calendar year;
- (d) determine performance-related elements of remuneration to align the interests of the Executive Directors with those of shareholders and link rewards to corporate and individual performance. Performance assessment measures should be appropriate and meaningful;
- (e) consider whether Directors should be eligible for benefits under long-term incentive schemes;
- (f) administer the Company's performance bonus share plan;
- (g) consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the Directors and key management personnel of the Company, in addition (if appropriate) to those required by law or by the Code.

Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The Remuneration Committee has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and substantial shareholders of the Company, to ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group.

The Remuneration Committee may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. Among other matters, this helps the Company to stay competitive in its remuneration packages. No independent external consultants have been engaged by the Company for this purpose for FY2020.

# CORPORATE GOVERNANCE

## 2.2. 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.**

In setting remuneration packages, the Remuneration Committee takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent Directors and Non-Executive Directors receive fixed Directors' fees plus a variable component, in accordance with their contribution, taking into account factors such as effort, time spent, and responsibilities of each Director. The Remuneration Committee recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors and Non-Executive Directors, yet not over-compensate them to the extent that their independence (if applicable) may be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the Company's AGM.

The Company's Executive Directors, namely Mr. Loh Yih, Mr. Qiu Jun and Mr. Wong Kok Chye are remunerated in accordance with their respective service agreements with the Company. The Remuneration Committee reviews and recommends to the Board the remuneration package (including appropriate compensation in the event of early termination) of the Executive Directors, and aims to be fair and avoid rewarding inadequate performance. The terms of the Executive Directors' service agreements were approved by the Board. Pursuant to the service agreements, the remuneration comprises a fixed salary and performance bonuses linked to corporate and individual performances where appropriate, and is designed to align the interests of the Executive Directors with those of shareholders. Independent and Non-Executive Directors do not have service agreements with the Company.

The Group has also entered into letters of employment with key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

The Remuneration Committee is satisfied that the termination clauses set out in the service agreements and in the letters of appointment are fair and reasonable to the parties, and are not overly generous.

The Company's compensation framework comprises fixed pay and short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests with the interests of shareholders to promote the long-term success of the Company. The Company's Share Plan (defined below) is administered by the Remuneration Committee with such discretion, powers and duties as are conferred on it by the Board. A member of the Remuneration Committee shall not be involved in the deliberations of the Remuneration Committee in respect of the grant of awards to him. The Company has not granted any shares under its Share Plan (defined below).

The recommendations of the Remuneration Committee will be submitted to the Board for endorsement. The Remuneration Committee will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

The Company has not adopted the use of contractual provisions in the terms of the contracts of service of the Executive Directors and key management personnel to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will review the feasibility of having such contractual provisions in future renewals of service agreements and/or employment contracts of its Executive Directors and key management personnel as recommended by the Code.

# CORPORATE GOVERNANCE

## 2.3. Disclosure on Remuneration

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

The independent directors do not enter into service agreements with the Company. They are paid directors' fees, the amount of which is dependent on their level of responsibilities. The amount of directors' fees payable to independent directors is subject to shareholders' approval at the Company's AGM.

The Company advocates a performance-based remuneration system that is flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders' value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

For the purpose of assessing the performance of Executive Directors and other key management personnel, key performance targets are set out at the beginning of each financial year.

The Company's staff remuneration policy is based on each individual's rank and role, the individual performance, the Group's performance and industry benchmarking gathered from companies in comparable industries. The remuneration of Non-Executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committees' meetings. Non-Executive Directors who perform services through Board Committees will be paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees will be reviewed periodically to benchmark such fees against the amounts paid by other major listed companies.

The breakdown of remuneration of the Directors of the Company for FY2020 are as follows:

| Directors/<br>Managing Director | Remuneration<br>(S\$)               | Fees<br>(S\$) | Fees<br>% | Salaries<br>% | Bonus<br>% | Other<br>Benefits<br>% | Total<br>% |
|---------------------------------|-------------------------------------|---------------|-----------|---------------|------------|------------------------|------------|
| <b>S\$250,000 to S\$500,000</b> |                                     |               |           |               |            |                        |            |
| Loh Yih                         | In between<br>250,000 to<br>500,000 | –             | –         | 82            | –          | 18                     | 100        |
| <b>Below S\$250,000</b>         |                                     |               |           |               |            |                        |            |
| Wong Kok Chye                   | Below 250,000                       | –             | –         | 78            | –          | 22                     | 100        |
| Qiu Jun                         | Below 250,000                       | –             | –         | 76            | –          | 24                     | 100        |
| Neo Gim Kiong                   | –                                   | 30,000        | 100       | –             | –          | –                      | 100        |
| Ong Chin Lin                    | –                                   | 20,000        | 100       | –             | –          | –                      | 100        |
| Ho Ta-Huang                     | –                                   | 30,000        | 100       | –             | –          | –                      | 100        |

In view of the competitive pressures in the talent market, the remuneration paid to the Managing Director, Group COO and Executive Director are disclosed in bands.

# CORPORATE GOVERNANCE

The Company only identified two key Management personnel who are not Directors or the Managing Director of the Company, based on the Group's current organisational and reporting structure, instead of five as required by the Code. The breakdown of remuneration of the two key management personnel of the Group for FY2020 are as follows:

| Key Management Personnel | Salaries<br>% | Bonus<br>% | Other<br>Benefits<br>% | Total<br>% |
|--------------------------|---------------|------------|------------------------|------------|
| <b>Below S\$250,000</b>  |               |            |                        |            |
| Lee Wee Beng             | 76            | –          | 24                     | 100        |
| Choo Wai Leong           | 77            | –          | 23                     | 100        |

The total remuneration paid to the top two key management personnel (who are not Directors or the Managing Director) for FY2020 are disclosed in bands. Save for the two key executive officers described in the table above, the Company does not have any other key management personnel. The Company continues to disclose remuneration in bands in order to lower the risk of competitors approaching the Company's staff.

The Company confirms that no employee of the Group is a substantial shareholder of the Company, or an immediate family member of any Director or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2020.

There are no termination, retirement and post-employment benefits granted to Directors, and the two key management personnel.

## Linair (now known as Acesian) Performance Bonus Share Plan

The Linair (now known as Acesian) Performance Bonus Share Plan ("**Share Plan**") was approved by the shareholders of the Company on 27 November 2008, and has been renewed by the shareholders at the last annual general meeting held on 25 June 2020. The Share Plan is administered by the Remuneration Committee of the Board (currently comprising Mr Ong Chin Lin, Mr Neo Gim Kiong and Mr Ho Ta-Huang), with such discretion, powers and duties as are conferred on it by the Board of Directors. The Share Plan was introduced to promote higher performance goals and recognize commendable exceptional achievement, and to encourage a sense of belonging in its employees. The Share Plan is designed to reward its participants by the issue and/or transfer of fully-paid shares in the Company according to the extent to which they achieve their performance targets over set performance periods.

The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

- all employees of the Group of supervisor level and above; and
- all employees of the Associated Companies of the Group of supervisor level and above.

who, in the opinion of the Committee, have contributed to the success and the development of the Group, provided that for any Participants who are Non-Executive Directors, written justification shall first be provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant Awards to them.

Persons who are Controlling Shareholders or the Associates shall not participate in the Plan unless:

- written justification has been provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant of Awards to them:

# CORPORATE GOVERNANCE

- b. the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the Grant in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates; and
- c. all conditions for the participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

The Committee shall have absolute discretion to decide whether a person who is participating in this Plan shall be eligible to participate in any other share option scheme implemented by the Company or any other company with in the Group.

## **Limitation on the size of the Share Plan**

The aggregate number of new Shares over which the Committee may grant Awards on any date, when added to the number of new Shares issued and issuable in respect of all Shares granted under this Plan any other existing share schemes implemented or to be implemented by the Company shall not exceed 15% of the issued share capital of the company on the day preceding that that date (the Plan Limit”).

The number of existing Shares (excluding Treasury Shares) which may be purchased from the market for delivery pursuant to Release of Awards granted under the Plan will be subject to a limit of 10% of the fully paid shares in issue. The number of existing Shares which may be repurchased and held by the Company as Treasury Shares for purposes of delivery pursuant to the Release of Awards granted under the Plan, will be subject to such limits as may be prescribed under the mandate obtained by the Company from the Shareholders (including any renewal of such mandate) for such repurchase.

As of the date of this report, the Company has not granted any shares under its Share Plan. As such, the requirements under Catalist Rule 851(1) (b) to (d) are not applicable.

As the Share Plan has exceeded the 10-year duration, the Company has decided not to renew the Share Plan at the forthcoming AGM.

## **3. ACCOUNTABILITY AND AUDIT**

### **3.1. Accountability**

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group’s financial results and all significant information to shareholders as well as the prompt fulfilment of statutory requirements are ways to maintain shareholders’ confidence and trust in the Board’s capability and integrity.

Currently, the Company is required to release half year and full year results announcements pursuant to the Catalist Rules. In this respect, the Board, with the assistance of the Management, strives to provide a balanced and understandable assessment of the Group’s performance, position and prospects. The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, where required. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

The Management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group’s performance and position on a monthly basis.

The Board has also established written policies of the Company to ensure compliance of the Company with legislative and regulatory requirements, including requirements under the Catalist Rules.



# CORPORATE GOVERNANCE

## 3.2. 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 is responsible for the overall internal control framework and policies and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the Group and its shareholders, and to manage risks. The Board also oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board and Audit Committee will review on an annual basis the adequacy and effectiveness of the Company's risk management and internal controls system, including financial, operational, compliance and information technology controls.

The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects, and at the same time, to safeguard shareholders' interest and the Group's assets through effective risk management. The internal control matter is further described in below section 3.4. The Company is looking into engaging a qualified consultant to review and set up a sustainable and effective enterprise risk management framework to track and manage risk faced by the company.

With the assistance of the internal audit function of the Company and through the Audit Committee, the Board reviews the adequacy and effectiveness of the Company's risk management policies and systems, and key internal controls at least on an annual basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report conclusions and recommendations to Management and to the Audit Committee independently.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities and based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management and the Board, the Board with the concurrence of the Audit Committee are of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective. Additionally, the Board is satisfied that the above-mentioned internal controls and risk management systems are adequate and effective to address its key business risks at reporting date.

The Board has also received assurances from the Group COO and Deputy Chief Financial Officer that:

- a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b) the Company's risk management and internal control systems were adequate and effective as at 31 December 2020.

The Board understands that it may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Company currently does not have a separate board risk committee and will look into the need for establishment of a separate board risk committee at a relevant time.

## 3.3. Audit Committee

**Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

The Audit Committee comprises Mr. Neo Gim Kiong (Chairman of the Audit Committee), Mr. Ong Chin Lin, and Mr. Ho Ta- Huang, the majority of whom, including the Chairman, are independent.

# CORPORATE GOVERNANCE

The Audit Committee members collectively possess many years of experience in accounting, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

It functions under a set of written terms of reference which sets out its responsibilities below. The Audit Committee also has explicit authority to investigate any matter within its terms of reference:

- (a) review the assurance from Group COO and chief financial officer, or key management personnel assuming analogous positions or responsibilities;
- (b) review the independence and objectivity of the external auditors annually;
- (c) review the significant financial reporting issues 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;
- (d) review the half year and full year financial results before submission to the Board for approval;
- (e) review at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;
- (f) review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;
- (g) meet at least annually with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls without the presence of the Company's Management;
- (h) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;
- (i) review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (j) review the external and internal auditors' reports;
- (k) review the co-operation given by the Group's officers to the external auditors;
- (l) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;
- (m) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;
- (n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (o) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- (p) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.

# CORPORATE GOVERNANCE

Apart from the above functions, the Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the Audit Committee will abstain from any deliberations and/or voting in respect of matters in which he is interested.

The Audit Committee has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.

The Audit Committee has met with the external auditors, without the presence of Management, at least once in FY2020. The Audit Committee has recommended to the Board the nomination of PKF-CAP LLP for their re-appointment as external auditors of the Company at the forthcoming AGM. The Group's Singapore-incorporated subsidiaries are audited by PKF-CAP LLP. The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed re-appointment of PKF-CAP LLP as the external auditors of the Company. The Audit Committee, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. No non-audit fee was paid to the external auditors during FY2020. The aggregate amount of audit fees payable to the external auditors for the financial year ended 31 December 2020 is \$95,941. None of the Audit Committee members were former partners or directors of or have financial interest in PKF-CAP LLP.

In evaluating the quality of the work carried out by the external auditors, PKF-CAP LLP, the AC's assessment of the performance of PKF-CAP LLP was based on the Audit Quality Indicators Disclosure Framework ("**AQI Framework**") recommended by the Accounting and Corporate Regulatory Authority ("**ACRA**"), which was revised in January 2020 to ensure that the indicators can better meet the needs of the Audit Committee. The AQI Framework comprises 8 comparable quality markers that correlate closely with audit quality based on ACRA's observations from inspecting auditors over the past decade. These include relevant experience of the senior audit team members, average training hours incurred and results from internal and external inspections of auditors.

The Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The Audit Committee will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees. There were no significant matters raised through whistle blowing during FY2020 till the date of this report.

The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have direct impact on financial statements, with training conducted by professional or external consultants.

## 3.4. Internal Audit

The Board recognises the importance of maintaining an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The Audit Committee has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between the internal auditor, external auditor and Management, and ensure that the internal auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies, in particular, the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Audit Committee will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

# CORPORATE GOVERNANCE

The Audit Committee has appointed Yang Lee & Associates as its out-sourced internal auditor to provide internal audit function for the Group for FY2020. The objective of the internal audit function is to provide an independent review on the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee on the Group's controls and governance processes. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. The primary reporting line of the internal audit function is to the Audit Committee. An annual internal audit plan which entails the review of the effectiveness of the Group's controls has been developed by the internal auditor. The AC is satisfied that the internal audit function is independent, effective and adequately resourced to address the financial, operational and compliance risks, information technology risk and has the appropriate standing within the Group. The Audit Committee meets with the internal auditors, without the presence of management, at least annually.

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT

### 4.1. 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.**

In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information about the Company's business development and financial performance is communicated to shareholders on a regular and timely basis via SGXNet announcements and news releases. The Group also maintains a website at <http://www.acesian.com>, at which shareholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases and profiles of the Group.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The financial results for the half year and full year are released to shareholders within 45 and 60 days of the half year end and full year end, respectively.

The Company ensures that true and fair information is delivered adequately to all shareholders, and that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and on the SGXNet and reports or circulars sent to all shareholders. Save for nominee companies, any shareholder who is unable to attend is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Nominee shareholders are allowed to appoint more than two proxies to allow for shareholders who hold shares through such nominee companies to attend and participate in the meetings of the Company as proxies.

At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll.

Due to the outbreak of COVID-19, the Company's AGM for FY2019 was held on 25 June 2020 by way of electronic means. The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's website. The Company had also published a pre-registration form, together with the notice of AGM, for shareholders who wish to watch and participate in the AGM to download the form from the Company's website and SGXNet, and to complete and submit questions in advance of the AGM. The Company did not receive any questions from shareholders prior to the AGM.

# CORPORATE GOVERNANCE

As the AGM for FY2019 was held by electronic means, voting at the AGM was conducted by proxy only. Shareholders who wished to vote on any or all of the resolutions at the AGM had appointed the Chairman of the AGM as their proxy by completing the proxy form for the AGM, and submitting the proxy form by post or by email to the Company forty-eight (48) hours before the AGM.

Although at present the COVID-19 pandemic is largely under control in Singapore, as a precautionary measure, the Company's AGM for FY2020 will continue to be held via electronic means. Shareholders will not be able to attend the AGM in person, but may observe the proceedings of the AGM by audio or audio-visual means. Shareholders may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to the notice of the FY2020 AGM and announcement dated 9 April 2021 for more information on the forthcoming AGM.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Chairman of the Board and the respective Chairman of each of the Board Committees, Management and the external auditors are intended to be in attendance at the forthcoming AGM to address any queries of the shareholders. All the Directors (except Mr. Ong Chin Lin and Mr. Ho Ta-Huang) had attended the AGM held on 25 June 2020. The external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report. There was one general meeting held in FY2020.

After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage, and will prepare minutes of the AGM. Such minutes will be published on its corporate website and on the SGXNet.

In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders are put to vote by Poll, using polling slips, the proceedings of which will be explained by the appointed scrutineer at the general meetings of shareholders. Having undertaken a cost-benefit analysis, the Company has decided not to undertake electronic polling at this juncture. However, the Company will consider e-polling services in due course.

The Company does not have a fixed policy on payment of dividends; instead the issue of the payment of dividends is deliberated seriously and at length by the Board annually having regard to various factors. Where dividends are not paid, the Company discloses the reasons. The Company did not pay any dividends in respect of FY2020 in view of the challenging operating environment.

## 4.2 Engagement with Shareholders

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

The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon.

The Company did not engage a dedicated investor relations team but has in place an investor relations policy to provide for a mechanism through which shareholders may communicate effectively with the Company. The Company also has personnel dedicated to handle investor queries and deal with all matters related to investor relations. Shareholders may contact the Company with their questions via emails and phone calls, and the Company will respond to such questions in a timely manner.

# CORPORATE GOVERNANCE

## 5. MANAGING STAKEHOLDER RELATIONSHIPS

### 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 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 regularly engaged its stakeholders and used a variety of channels to assess and identify stakeholders as groups that have an impact on, or have potential to be impacted by, the Company's business.

The primary focus is on the business operations in Singapore and Malaysia and on issues that impact business growth and are of utmost importance to the stakeholders of the Company.

The Company has performed a materiality analysis to identify challenges and issues that are important to stakeholders and are relevant to the businesses. The identified stakeholders are customers, employees, investors, shareholders and regulators.

The Company has undertaken efforts to determine the key principles of environment, social and governance (ESG) factors and incorporate them into the businesses. Having considered sustainability issues as part of its strategic formulation, the Company has determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

The details on the Company's approach to stakeholder engagement and materiality assessment are disclosed in the FY2019 Sustainability Report published on the SGXNet on 15 May 2020. Our FY2020 Sustainability Report will be published on or before 31 May 2021.

The Company has maintained a corporate website to communicate and engage with stakeholders. Apart from communicating through email or phone calls, stakeholders may also submit enquiry forms via the Company's website to ask questions and receive responses in a timely manner.

## ADDITIONAL INFORMATION

## 6. DEALING IN SECURITIES

In line with Rule 1204 (19) of the Catalist Rules on Dealing in Securities, the Company issues circulars to its Directors and employees, to remind them that (i) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) they are required to report on their dealings in shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the release of the half year and full year financial results and ending on the date of the announcement of the relevant results. The Company has complied with the said Rule during FY2020.

Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

## 7. MATERIAL CONTRACTS

Save as disclosed above, there was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the Managing Director, any Director, or controlling shareholder, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

# CORPORATE GOVERNANCE

## 8. INTERESTED PERSON TRANSACTIONS ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board. Besides the information disclosed below, there are no other IPTs conducted during FY2020, which exceeds S\$100,000 in value.

| Name of Interested Person     | Nature of relationship                 | Aggregate value of all IPTs conducted during FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000 | Aggregate value of all IPTs conducted during FY2020 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) \$'000 |
|-------------------------------|--|--|---|
| Chern Dar Enterprise Co., Ltd | Substantial shareholder of the Company | –  | 318   |

The Group has obtained a General Mandate for Interested Person Transactions on 25 June 2020.

## 9. RISK MANAGEMENT

The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the Audit Committee.

## 10. NON-SPONSORS FEES

The Company has appointed Asian Corporate Advisors Pte. Ltd. ("**ACA**") as the Company's Continuing Sponsor with effect from 30 May 2019.

The Directors and Management of the Company would consult ACA on all material matters relating to compliance with the Catalist Rules, listing and quotation of its securities and documents to be released to shareholders, to ensure that such documents are in compliance with the Catalist Rules and proper disclosures are made.

There is no non-sponsor fee paid by the Company to ACA during FY2020.



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# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Acesian Partners Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 and changes in equity of the Company for the year ended on that date; 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.

## Directors

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

Loh Yih  
Wong Kok Chye  
Ho Ta-Huang  
Ong Chin Lin  
Neo Gim Kiong  
Qiu Jun

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable directors to acquire benefits by means of the acquisition of shares in or debentures of, the Company or of any other body corporate.

## Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporations except as follows:

| Name of corporation:<br>Acesian Partners Limited | Holdings registered in the<br>name of director |                                 | Holdings in which a director is<br>deemed to have an interest |                                 |
|--|--|---------------------------------|---|---------------------------------|
|  | Number of ordinary shares fully paid           |                                 |   |                                 |
|  | At the beginning<br>of financial year          | At the end of<br>financial year | At the beginning<br>of financial year                         | At the end of<br>financial year |
| Loh Yih  | 76,877,558                                     | 100,877,558                     | 47,380,000  | 47,380,000                      |
| Wong Kok Chye                                    | 6,822,000                                      | 6,822,000                       | 579,000   | 579,000                         |
| Ho Ta-Huang                                      | —  | —                               | 45,583,000  | 45,583,000                      |
| Ong Chin Lin                                     | 402,000  | 402,000                         | —   | —                               |
| Qiu Jun  | 74,600,000                                     | 50,600,000                      | —   | —                               |

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

## Directors' interest in shares or debentures (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

## Share options

No options to take up unissued shares of the Company or of its subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

## Audit Committee

The members of the Audit Committee at the date of this statement are:

Neo Gim Kiong (Chairman)  
Ho Ta-Huang  
Ong Chin Lin

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and Code of Corporate Governance, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the half yearly and annual results announcement and the independent auditor's report on the year end consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group's and the Company's key internal controls, including financial, operational and compliance controls and risk management process via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management separately to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed any complaints received from anonymous parties including investigating the matter and reporting to the Board the outcome and action required to resolve the matter;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

## Audit Committee (continued)

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC confirmed that there are no non-audit services provided by the external auditor to the Group. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year. In performing its function, the AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

The Audit Committee has recommended to the Board the nomination of PKF-CAP LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

## Auditor

PKF-CAP LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

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Loh Yih  
Director

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Wong Kok Chye  
Director

26 March 2021

# INDEPENDENT AUDITOR'S REPORT

To the Members of Acesian Partners Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Acesian Partners Limited (the "Company") and its subsidiaries (collectively, 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 comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 87.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Acesian Partners Limited

## Report on the Audit of the Financial Statements (continued)

### Key Audit Matters (continued)

Valuation of inventories at the lower of cost and net realisable value  
(Refer to Notes 2.10, 3.2(b) and 14 to the financial statements)

The Group's inventories totalled \$3,380,954 (2019: \$3,835,323) which accounted for 24.1% (2019: 26.8%) of the Group's total assets as at 31 December 2020. Write-down of inventories to their net realisable values charged to profit or loss for the current financial year amounted to \$474,897 (2019: \$115,770) which represented 451.1% (2019: 1.6%) of the Group's total comprehensive loss for the year ended 31 December 2020.

The write down to net realisable value for slow-moving and obsolete inventories is considered a key audit matter as it requires management to exercise judgement in identifying slow-moving and obsolete inventories and making estimates of the net realisable value to determine the appropriate level of write-down required. Any significant changes in anticipated future selling prices and saleability may affect the valuation of inventories.

Our audit procedures included, among others:

- Obtained an understanding of management's policy and process for the identification of slow-moving and obsolete inventories through enquiry and observation.
- Checked the computation of inventory costing which includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Obtained management's assessment of slow-moving and obsolete inventories as at end of reporting period and evaluated whether the Group's policy on writing down to net realisable value was consistently applied and remained appropriate during the financial year.
- Tested on a sample basis about whether inventories are recorded at the lower of cost and net realisable value by comparing the recorded unit cost of inventories against recent/subsequent selling prices.
- Checked inventory ageing prepared by management including the test of inventory ageing for accuracy.
- Performed analytical review procedures such as comparing the inventory turnover ratio in current year compared with prior year as well as comparing current year inventory balances by category with prior year.
- Assessed the adequacy of disclosures made in the financial statements.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Acesian Partners Limited

## Report on the Audit of the Financial Statements (continued)

### *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 Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Acesian Partners Limited

## **Report on the Audit of the Financial Statements (continued)**

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sia Boon Tiong.

### **PKF-CAP LLP**

Public Accountants and  
Chartered Accountants

Singapore  
26 March 2021



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

|  |      | The Group          |             |
|--|------|--------------------|-------------|
|  |      | 2020               | 2019        |
|  | Note | \$                 | \$          |
| Revenue  | 4(a) | <b>9,522,758</b>   | 12,251,852  |
| Cost of sales  |      | <b>(6,389,864)</b> | (8,074,190) |
| Gross profit   |      | <b>3,132,894</b>   | 4,177,662   |
| Other operating income   | 5    | <b>812,337</b>     | 2,834,184   |
| Administrative expenses  |      | <b>(2,735,463)</b> | (4,265,503) |
| Other operating expenses   |      | <b>(1,106,616)</b> | (9,758,166) |
| Finance costs  | 6    | <b>(47,066)</b>    | (59,726)    |
| Profit/(loss) before tax   | 7    | <b>56,086</b>      | (7,071,549) |
| Income tax expense   | 9    | <b>(6,377)</b>     | (103,566)   |
| Profit/(loss) for the year   |      | <b>49,709</b>      | (7,175,115) |
| Other comprehensive (loss)/income:   |      |                    |             |
| <i>Item that may be reclassified subsequently to profit or loss:</i>               |      |                    |             |
| Exchange differences on translation of foreign operations, net of tax              |      | <b>(154,988)</b>   | 97,754      |
| Total comprehensive loss for the year, net of tax                                  |      | <b>(105,279)</b>   | (7,077,361) |
| Profit/(loss) attributable to:   |      |                    |             |
| Owners of the Company  |      | <b>22,684</b>      | (7,160,125) |
| Non-controlling interests  |      | <b>27,025</b>      | (14,990)    |
|  |      | <b>49,709</b>      | (7,175,115) |
| Total comprehensive loss attributable to:  |      |                    |             |
| Owners of the Company  |      | <b>(85,649)</b>    | (7,088,548) |
| Non-controlling interests  |      | <b>(19,630)</b>    | 11,187      |
|  |      | <b>(105,279)</b>   | (7,077,361) |
| Earnings/(loss) per share attributable to owners of the Company (cents per share): |      |                    |             |
|  | 10   |                    |             |
| - Basic  |      | <b>0.005</b>       | (1.436)     |
| - Diluted  |      | <b>0.005</b>       | (1.436)     |

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

|                                       | Note | The Group           |              | The Company         |              |
|---------------------------------------|------|---------------------|--------------|---------------------|--------------|
|                                       |      | 2020                | 2019         | 2020                | 2019         |
|                                       |      | \$                  | \$           | \$                  | \$           |
| <b>Assets</b>                         |      |                     |              |                     |              |
| <b>Non-current assets</b>             |      |                     |              |                     |              |
| Property, plant and equipment         | 11   | <b>2,643,938</b>    | 2,644,068    | <b>194,534</b>      | 327,836      |
| Investment in subsidiaries            | 12   | –                   | –            | <b>1,268,663</b>    | 1,268,563    |
|                                       |      | <b>2,643,938</b>    | 2,644,068    | <b>1,463,197</b>    | 1,596,399    |
| <b>Current assets</b>                 |      |                     |              |                     |              |
| Inventories                           | 14   | <b>3,380,954</b>    | 3,835,323    | –                   | –            |
| Trade and other receivables           | 15   | <b>3,283,006</b>    | 3,102,847    | <b>2,833,191</b>    | 2,632,161    |
| Contract assets                       | 4(b) | <b>58,483</b>       | 61,849       | –                   | –            |
| Prepaid operating expenses            |      | <b>99,177</b>       | 271,451      | <b>28,375</b>       | 19,995       |
| Fixed deposits pledged                | 16   | <b>92,822</b>       | 172,473      | <b>30,000</b>       | 111,545      |
| Cash and cash equivalents             | 17   | <b>4,463,872</b>    | 4,211,840    | <b>1,978,539</b>    | 2,151,175    |
|                                       |      | <b>11,378,314</b>   | 11,655,783   | <b>4,870,105</b>    | 4,914,876    |
| <b>Total assets</b>                   |      | <b>14,022,252</b>   | 14,299,851   | <b>6,333,302</b>    | 6,511,275    |
| <b>Equity and liabilities</b>         |      |                     |              |                     |              |
| <b>Current liabilities</b>            |      |                     |              |                     |              |
| Trade and other payables              | 18   | <b>6,559,741</b>    | 6,694,679    | <b>542,154</b>      | 828,345      |
| Contract liabilities                  | 4(b) | <b>173,111</b>      | 223,573      | –                   | –            |
| Income tax payable                    |      | <b>6,377</b>        | 4,085        | –                   | –            |
| Lease liabilities                     | 19   | <b>584,671</b>      | 483,580      | <b>93,184</b>       | 99,205       |
|                                       |      | <b>7,323,900</b>    | 7,405,917    | <b>635,338</b>      | 927,550      |
| <b>Non-current liability</b>          |      |                     |              |                     |              |
| Lease liabilities                     | 19   | <b>597,256</b>      | 687,559      | –                   | 93,184       |
|                                       |      | <b>597,256</b>      | 687,559      | –                   | 93,184       |
| <b>Total liabilities</b>              |      | <b>7,921,156</b>    | 8,093,476    | <b>635,338</b>      | 1,020,734    |
| <b>Equity</b>                         |      |                     |              |                     |              |
| Share capital                         | 20   | <b>20,321,774</b>   | 20,321,774   | <b>20,321,774</b>   | 20,321,774   |
| Accumulated losses                    |      | <b>(12,796,322)</b> | (12,819,006) | <b>(14,623,810)</b> | (14,831,233) |
| Foreign currency translation reserve  | 21   | <b>(1,511,291)</b>  | (1,402,958)  | –                   | –            |
| Attributable to owners of the Company |      | <b>6,014,161</b>    | 6,099,810    | <b>5,697,964</b>    | 5,490,541    |
| Non-controlling interests             |      | <b>86,935</b>       | 106,565      | –                   | –            |
| <b>Total equity</b>                   |      | <b>6,101,096</b>    | 6,206,375    | <b>5,697,964</b>    | 5,490,541    |
| <b>Total equity and liabilities</b>   |      | <b>14,022,252</b>   | 14,299,851   | <b>6,333,302</b>    | 6,511,275    |

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| The Group  | Attributable to owners of the Company |                    |                                      |             |                           |             |
|--|---------------------------------------|--------------------|--------------------------------------|-------------|---------------------------|-------------|
|  | Share capital                         | Accumulated losses | Foreign currency translation reserve | Total       | Non-controlling interests | Total       |
|  | \$                                    | \$                 | \$                                   | \$          | \$                        | \$          |
| Balance at 1 January 2019  | 20,321,774                            | (5,658,881)        | (1,474,535)                          | 13,188,358  | 95,378                    | 13,283,736  |
| Loss for the year  | –                                     | (7,160,125)        | –                                    | (7,160,125) | (14,990)                  | (7,175,115) |
| Other comprehensive income   |                                       |                    |                                      |             |                           |             |
| Exchange difference on translation of foreign operations, net of tax | –                                     | –                  | 71,577                               | 71,577      | 26,177                    | 97,754      |
| Total comprehensive (loss)/income for the year                       | –                                     | (7,160,125)        | 71,577                               | (7,088,548) | 11,187                    | (7,077,361) |
| Balance at 31 December 2019  | 20,321,774                            | (12,819,006)       | (1,402,958)                          | 6,099,810   | 106,565                   | 6,206,375   |
| Balance at 1 January 2020  | 20,321,774                            | (12,819,006)       | (1,402,958)                          | 6,099,810   | 106,565                   | 6,206,375   |
| Profit for the year  | –                                     | 22,684             | –                                    | 22,684      | 27,025                    | 49,709      |
| Other comprehensive income   |                                       |                    |                                      |             |                           |             |
| Exchange difference on translation of foreign operations, net of tax | –                                     | –                  | (108,333)                            | (108,333)   | (46,655)                  | (154,988)   |
| Total comprehensive income/(loss) for the year                       | –                                     | 22,684             | (108,333)                            | (85,649)    | (19,630)                  | (105,279)   |
| Balance at 31 December 2020  | 20,321,774                            | (12,796,322)       | (1,511,291)                          | 6,014,161   | 86,935                    | 6,101,096   |

| The Company  | Share capital | Accumulated losses | Total       |
|--|---------------|--------------------|-------------|
|  | \$            | \$                 | \$          |
| Balance at 1 January 2019  | 20,321,774    | (5,138,948)        | 15,182,826  |
| Loss for the year representing total comprehensive loss for the year     | –             | (9,692,285)        | (9,692,285) |
| Balance at 31 December 2019  | 20,321,774    | (14,831,233)       | 5,490,541   |
| Balance at 1 January 2020  | 20,321,774    | (14,831,233)       | 5,490,541   |
| Profit for the year representing total comprehensive income for the year | –             | 207,423            | 207,423     |
| Balance at 31 December 2020  | 20,321,774    | (14,623,810)       | 5,697,964   |

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

|  |      | The Group        |                    |
|--|------|------------------|--------------------|
|  |      | 2020             | 2019               |
|  | Note | \$               | \$                 |
| <b>Operating activities</b>  |      |                  |                    |
| Profit/(loss) before tax   |      | 56,086           | (7,071,549)        |
| Adjustments for:   |      |                  |                    |
| Bad debts written off  | 7    | 23,569           | 2,929,993          |
| Contract assets written off  | 7    | –                | 5,192,193          |
| Depreciation of property, plant and equipment  | 7    | 659,031          | 533,823            |
| Gain on disposal of a subsidiary   | 5    | –                | (255,583)          |
| Impairment loss on trade and other receivables   | 7    | 92,641           | 115,445            |
| Impairment loss on trade receivables written back  | 7    | (105,043)        | (60,239)           |
| Interest expense   | 6    | 47,066           | 59,726             |
| Interest income  | 5    | (2,771)          | (5,391)            |
| (Gain)/loss on disposal and written off of property, plant and equipment                           | 7    | (9,316)          | 70,388             |
| Inventories written down, net of reversal  | 7    | 439,763          | 92,355             |
| Trade and other payables written off   |      | –                | (2,272,704)        |
| Exchange differences   |      | (127,524)        | 140,336            |
| <b>Operating cash flows before changes in working capital</b>                                      |      | <b>1,073,502</b> | <b>(531,207)</b>   |
| Decrease/(increase) in inventories   |      | 14,606           | (902,787)          |
| (Increase)/decrease in trade and other receivables, contract assets and prepaid operating expenses |      | (15,686)         | 3,192,870          |
| Decrease in trade and other payables and contract liabilities                                      |      | (185,400)        | (2,682,007)        |
| <b>Cash flows generated from/(used in) operations</b>  |      | <b>887,022</b>   | <b>(923,131)</b>   |
| Interest received  |      | 2,771            | 5,391              |
| Income taxes paid  |      | (4,085)          | (305,863)          |
| <b>Net cash flows generated from/(used in) operating activities</b>                                |      | <b>885,708</b>   | <b>(1,223,603)</b> |
| <b>Investing activities</b>  |      |                  |                    |
| Disposal of a subsidiary, net of cash and cash equivalents   | 12   | –                | 120,633            |
| Purchase of property, plant and equipment  | 11   | (285,531)        | (266,255)          |
| Proceeds from disposal of property, plant and equipment  |      | 50,607           | 2,989              |
| <b>Net cash flows used in investing activities</b>   |      | <b>(234,924)</b> | <b>(142,633)</b>   |
| <b>Financing activities</b>  |      |                  |                    |
| Decrease/(increase) in fixed deposits pledged  |      | 79,651           | (2,102)            |
| Repayment of lease liabilities   | 19   | (403,296)        | (369,499)          |
| Interest paid  | 19   | (47,066)         | (59,726)           |
| <b>Net cash flows used in financing activities</b>   |      | <b>(370,711)</b> | <b>(431,327)</b>   |
| Net increase/(decrease) in cash and cash equivalents   |      | 280,073          | (1,797,563)        |
| Effects of currency translation on cash and cash equivalents                                       |      | (28,041)         | (15,932)           |
| Cash and cash equivalents at the beginning of the year   |      | 4,211,840        | 6,025,335          |
| <b>Cash and cash equivalents at the end of the year</b>  | 17   | <b>4,463,872</b> | <b>4,211,840</b>   |

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General information

Acesian Partners Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082.

The principal activities of the Company consist of supply and installation of environment-control exhaust systems and investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The Coronavirus Disease 2019 (“Covid-19”) pandemic and the aftermath of the pandemic has brought about disruption to the business operations of the Group. It has also led to an unprecedented level of market volatilities and economic uncertainties. These events and conditions have been considered in the preparation of the financial statements at the reporting date.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD” or “\$”), unless otherwise indicated.

### 2.2 Adoption of new and amended SFRS(I) and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the Group’s financial statements.

The Group has early adopted the *Amendment to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions* which introduced an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification.

The Group has applied this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of \$22,200 was recognised as “Other income” in the profit or loss during the year (Note 5).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

|   | <i>Effective for annual periods<br/>beginning on or after</i> |
|---|---|
| • Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 <i>Interest Rate Benchmark Reform – Phase 2</i> | 1 January 2021  |
| • Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>  | 1 January 2022  |
| • Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>                          | 1 January 2022  |
| • Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>                                     | 1 January 2022  |
| • Annual Improvements to SFRS(I)s 2018 – 2020   | 1 January 2022  |
| • Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>                                | 1 January 2023  |

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

### 2.4 Basis of consolidation and business combinations

#### a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as 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. 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.4 Basis of consolidation and business combinations (continued)

#### b) Business combinations (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.6 Foreign currency (continued)

#### b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

|                                |              |
|--------------------------------|--------------|
| Furniture and fittings         | 3 – 10 years |
| Plant and machineries          | 3 – 10 years |
| Renovation                     | 3 – 10 years |
| Motor vehicles                 | 5 – 6 years  |
| Computers and office equipment | 2 – 10 years |
| Buildings                      | 2 – 6 years  |

The cost of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use. The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and fair value less cost to sell.

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.8 Subsidiaries

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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.9 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 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 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (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.

### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress comprises direct materials and labour and apportioned manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.12 Financial instruments

#### a) Financial assets

##### **Initial recognition and measurement**

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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.

##### **Subsequent measurement**

All the financial assets of the Group are measured at amortised cost during the reporting period and as at reporting date.

##### *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest 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 the amortisation process.

##### **De-recognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.12 Financial instruments (continued)

#### b) 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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

##### **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### 2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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 two 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 (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

#### Definition of default

The Group considers the followings as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collaterals held by the Group).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.13 Impairment of financial assets (continued)

#### Definition of default (continued)

Irrespective of the above analysis, the Group considers that default has occurred when there is evidence that a financial asset is credit impaired unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### 2.14 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

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

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is disclosed in Note 2.11.

The Group's right-of-use assets are presented within property, plant and equipment (Note 11).

#### **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.14 Leases (continued)

#### As lessee (continued)

##### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### **Related rent concessions**

The Group has applied the *Amendment to SFRS(I) 16 Leases: Covid-19 Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether a rent concession related to Covid-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

### 2.15 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount of the obligation can be made estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 2.17 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.18 Employee benefits

#### a) Defined contribution plans

The Company and the Group contribute to the Central Provident Fund ("CPF") or equivalent fund, a defined contribution plan regulated and managed by the Government of Singapore or other authorities, which applies to the majority of the employees. The Company's and the Group's contributions to CPF or equivalent are recognised to the profit or loss in the period to which the contributions relate.

#### b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

### 2.19 Taxes

#### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.19 Taxes (continued)

#### b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.20 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### a) Manufacturing revenue

Manufacturing revenue relates to revenue generated from the manufacture, supply and installation of Ethylene Tetrafluoroethylene ("ETFE") coated ducts, uncoated stainless steel ducts and galvanised ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

Revenue is recognised when the goods are delivered to the customer (i.e. at a point in time). The amount of revenue recognised is the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.20 Revenue recognition (continued)

#### b) Engineering services revenue

The Group sells and installs electronic equipment. The sale of equipment and rendering of installation service are either sold separately, or in bundled packages where discounts are provided to customers. For bundled packages, the Group accounts for the sale of equipment and installation service separately. The transaction price is allocated to the sale of equipment and installation services based on their relative stand-alone selling prices.

For the sale of equipment, revenue is recognised upon delivery of the equipment to the customer and accepted by the customer (i.e. at a point in time) and the collectability of the related receivable is reasonably assured.

For the installation of the equipment, revenue is recognised at a point in time upon completion of installation and acceptance by customer.

The Group offers maintenance services to customers. The Group accounts for maintenance services as a separate performance obligation. Revenue is recognised over time over the maintenance period.

#### c) Distribution and services revenue

Distribution and services revenue relates to distribution of the air-flow systems and Individual Ventilated Cages. Revenue is recognised when the goods are delivered to the customer (i.e. at a point in time). The amount of revenue recognised is the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods to the customer.

#### d) Interest income

Interest income is recognised using the effective interest method.

### 2.21 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions have been complied with.

### 2.22 Contingencies

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2 Summary of significant accounting policies (continued)

### 2.22 Contingencies (continued)

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

### 2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

## 3 Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

#### a) Determination of lease term of contracts with extension options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the extension option in the lease term for one of the factory premises because of the leasehold improvements made and the significant costs that would arise to replace the asset.

As at 31 December 2020, potential future (undiscounted) cash outflows of approximately \$208,800 (2019: \$208,800) have not been included in lease liabilities because it is not reasonably certain that the lease will be extended.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3 Significant accounting judgements and estimates (continued)

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### a) Impairment of investment in subsidiaries

The recoverable amount of the investment is reviewed at the end of each reporting period to determine whether there is any indication that the investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is determined on the basis of the net recoverable amount to determine the extent of the impairment loss.

The Company's impairment of investment in subsidiaries as at 31 December 2020 are disclosed in Note 12.

#### b) Write down for slow-moving and obsolete inventories

The determination of allowance for inventory write down to net realisable value requires management to exercise judgement in identifying slow-moving and obsolete inventories and make estimates of write down required.

The Group carried out a review of inventories to determine the write down for slow-moving inventories and whether inventories are stated at the lower of cost and net realisable value. The Group's write down for inventories as at 31 December 2020 are disclosed in Note 14.

#### c) Provision for ECLs of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due.

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 every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

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 circumstance 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 about the ECLs on the Group's trade receivables is disclosed in Note 26.1(iii).

The carrying amount of trade receivables and contract assets of the Group as at 31 December 2020 are \$2,578,793 and \$58,483 (2019: \$2,029,974 and \$61,849) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3 Significant accounting judgements and estimates (continued)

### 3.2 Key sources of estimation uncertainty (continued)

#### d) Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore it uses incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group 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. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 4 Revenue

### (a) Disaggregation of revenue

|  | The Group        |                   |
|--|------------------|-------------------|
|  | 2020             | 2019              |
|  | \$               | \$                |
| Main revenue streams:                    |                  |                   |
| Engineering services                     | 3,265,394        | 4,187,818         |
| Manufacturing, distribution and services | 6,257,364        | 8,064,034         |
|  | <b>9,522,758</b> | <b>12,251,852</b> |
| Timing of transfer of goods or services  |                  |                   |
| At a point in time                       | 9,283,544        | 12,045,102        |
| Over time                                | 239,214          | 206,750           |
|  | <b>9,522,758</b> | <b>12,251,852</b> |

### (b) Receivables, contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers are disclosed as follows:

|   | The Group |           |
|---|-----------|-----------|
|   | 2020      | 2019      |
|   | \$        | \$        |
| Receivables from contracts with customers (Note 15) | 2,578,793 | 2,029,974 |
| Contract assets                                     | 58,483    | 61,849    |
| Contract liabilities                                | (173,111) | (223,573) |

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$92,641 (2019: \$67,903).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 4 Revenue (continued)

### (b) Receivables, contract assets and contract liabilities (continued)

Contract assets primarily relate to the Group's right to consideration for work completed or goods delivered but not yet billed at reporting date. Contract assets will be transferred to trade receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers.

Contract liabilities are recognised as revenue as the Group satisfies its performance obligation under the contract.

Significant changes in contract assets are disclosed as follows:

|                                      | The Group |             |
|--------------------------------------|-----------|-------------|
|                                      | 2020      | 2019        |
|                                      | \$        | \$          |
| Contract assets written off (Note 7) | –         | (5,192,193) |

### (c) Transaction price allocated to remaining performance obligations

Management expects that the transaction price allocated to remaining unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2020 and 2019 may be recognised as revenue in the next reporting periods as follows:

|   | The Group |         |        |       |         |
|---|-----------|---------|--------|-------|---------|
|   | 2020      | 2021    | 2022   | 2023  | Total   |
|   | \$        | \$      | \$     | \$    | \$      |
| Unsatisfied or partially unsatisfied performance obligations as at: |           |         |        |       |         |
| 31 December 2020  | –         | 161,489 | 10,039 | 1,583 | 173,111 |
| 31 December 2019  | 196,417   | 15,533  | 11,623 | –     | 223,573 |

## 5 Other operating income

|  | The Group |           |
|--|-----------|-----------|
|  | 2020      | 2019      |
|  | \$        | \$        |
| Gain on disposal of a subsidiary (Note 12) | –         | 255,583   |
| Grant received from government             |           |           |
| - Job Support Scheme ("JSS")               | 458,597   | –         |
| - Others                                   | 101,779   | 22,759    |
| Interest income                            | 2,771     | 5,391     |
| Trade and other payables written off       | 49,877    | 2,272,704 |
| Other income                               | 199,312   | 277,747   |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5 Other operating income (continued)

In the previous financial year, \$2,272,704 was credited to other operating income as a result of waiver of liabilities arising from the global settlement in relation to several long-standing legal disputes.

Included within "Other income" are Covid-19 related rent concessions received from lessors of \$22,200 to which the Group applied the practical expedient as disclosed in Note 2.14.

## 6 Finance costs

|  | The Group     |        |
|--|---------------|--------|
|  | 2020          | 2019   |
|  | \$            | \$     |
| Interest expense on lease liabilities (Note 23(c)) | <b>47,066</b> | 59,726 |

## 7 Profit/(loss) before tax

|   | The Group        |           |
|---|------------------|-----------|
|   | 2020             | 2019      |
|   | \$               | \$        |
| The following items have been included in arriving at profit/(loss) before tax: |                  |           |
| Audit fees paid/payable to the auditors of the Group                            | <b>95,941</b>    | 96,477    |
| Bad debts written off   | <b>23,569</b>    | 2,929,993 |
| Contract assets written off (Note 4(b))   | –                | 5,192,193 |
| Depreciation of property, plant and equipment (Note 11)                         | <b>659,031</b>   | 533,823   |
| Directors' fees   | <b>80,000</b>    | 80,000    |
| Employee benefits expense (Note 8)  | <b>3,242,421</b> | 4,128,742 |
| Impairment loss on trade and other receivables (Note 26.1(iii))                 | <b>92,641</b>    | 115,445   |
| Impairment loss on trade receivables written back (Note 26.1(iii))              | <b>(105,043)</b> | (60,239)  |
| Inventories written down, net of reversal                                       | <b>439,763</b>   | 92,355    |
| Lease expense – short term and low-value  | <b>119,863</b>   | 461,308   |
| (Gain)/loss on disposals and written off of property, plant and equipment       | <b>(9,316)</b>   | 70,388    |
| Professional and legal fees   | <b>211,429</b>   | 1,291,309 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8 Employee benefits expense

|  | The Group        |                  |
|--|------------------|------------------|
|  | 2020             | 2019             |
|  | \$               | \$               |
| Employee benefits expense (including directors): |                  |                  |
| Salaries and related costs                       | 3,002,874        | 3,840,130        |
| Contributions to defined contribution plans      | 239,547          | 288,612          |
|  | <b>3,242,421</b> | <b>4,128,742</b> |

The above amounts include compensation of the Company's directors (Note 22(b)).

## 9 Income tax expense

|   | The Group    |                |
|---|--------------|----------------|
|   | 2020         | 2019           |
|   | \$           | \$             |
| Current income tax                          |              |                |
| - Under provision in respect of prior years | 6,377        | 159,781        |
| Deferred income tax (Note 13)               |              |                |
| - Current year                              | -            | (56,215)       |
|   | <b>6,377</b> | <b>103,566</b> |

The tax expenses on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profit/(loss) as a result of the following:

|   | The Group    |                |
|---|--------------|----------------|
|   | 2020         | 2019           |
|   | \$           | \$             |
| Profit/(loss) before taxation                                 | 56,086       | (7,071,549)    |
| Tax at Singapore statutory income tax rate of 17% (2019: 17%) | 9,535        | (1,202,163)    |
| Effect of different tax rates of overseas operations          | (7,616)      | (38,505)       |
| Non-deductible expenses                                       | 12,798       | 189,880        |
| Income not subject to taxation                                | (98,176)     | (102,197)      |
| Deferred tax assets not recognised                            | 77,857       | 1,095,792      |
| Under provision of current tax in prior years                 | 6,377        | 159,781        |
| Others  | 5,602        | 978            |
|   | <b>6,377</b> | <b>103,566</b> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 9 Income tax expense (continued)

As at reporting date, the Group has unutilised tax losses of approximately \$3,136,000 (2019: \$13,324,000), and unabsorbed capital allowances of \$517,000 (2019: \$364,000) which are available for offset against future taxable profits for which no deferred tax assets are recognised due to unpredictability of the future profit streams to be generated by the Group in the foreseeable future. The deferred tax assets not recognised at reporting date totalled approximately \$621,000 (2019: \$2,327,000).

In the current financial year, the unutilised tax losses arising from a subsidiary, Acesian Star Pte. Ltd. ("ASPL"), and its wholly-owned subsidiary, Active Building Technologies Pte. Ltd. ("ABT"), amounting to approximately \$10,493,000 which are available for offset against future taxable profits for which no deferred tax assets are recognised due to unpredictability of the future profit streams to be generated by the companies in the foreseeable future has been excluded as ASPL is placed under liquidation and ABT is dormant in activities with an intention to be liquidated.

The utilisation of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with the provisions of the tax legislation of the respective countries in which the companies operate.

## 10 Earnings/(loss) per share

The basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. These profit/(loss) and shares data are presented in the tables below.

|   | The Group               |             |
|---|-------------------------|-------------|
|   | 2020                    | 2019        |
|   | \$                      | \$          |
| <b>Basic and diluted profit/(loss) per share is based on:</b> |                         |             |
| Net profit/(loss) attributable to owners of the Company       | <b>22,684</b>           | (7,160,125) |
|   | <b>Number of shares</b> |             |
|   | 2020                    | 2019        |
| Weighted average number of ordinary shares during the year    | <b>498,498,498</b>      | 498,498,498 |
| Earnings/(loss) per share (cents)                             | <b>0.005</b>            | (1.436)     |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11 Property, plant and equipment

| The Group                             | Buildings<br>\$  | Furniture<br>and<br>fittings<br>\$ | Plant and<br>machinery<br>\$ | Renovation<br>\$ | Motor<br>vehicles<br>\$ | Computers<br>and office<br>equipment<br>\$ | Total<br>\$      |
|---------------------------------------|------------------|------------------------------------|------------------------------|------------------|-------------------------|--|------------------|
| <u>Cost</u>                           |                  |                                    |                              |                  |                         |  |                  |
| At 31.12.2018                         | –                | 166,528                            | 5,842,993                    | 664,763          | 308,925                 | 733,942                                    | 7,717,151        |
| Effect of adopting<br>SFRS(I) 16      | 743,645          | –                                  | –                            | –                | –                       | –  | 743,645          |
| Adjusted balance at<br>01.01.2019     | 743,645          | 166,528                            | 5,842,993                    | 664,763          | 308,925                 | 733,942                                    | 8,460,796        |
| Additions                             | 200,638          | 7,859                              | 149,232                      | 122,431          | –                       | 62,776                                     | 542,936          |
| Disposal of a subsidiary              | –                | –                                  | (6,296)                      | –                | –                       | (16,310)                                   | (22,606)         |
| Disposals/Write offs                  | –                | (34,451)                           | (1,496,290)                  | (161,349)        | (123,516)               | (592,428)                                  | (2,408,034)      |
| Foreign exchange<br>difference        | (1,353)          | (212)                              | (117)                        | (522)            | (88)                    | (89)                                       | (2,381)          |
| At 31.12.2019                         | 942,930          | 139,724                            | 4,489,522                    | 625,323          | 185,321                 | 187,891                                    | 6,570,711        |
| Additions                             | 413,518          | 14,358                             | 211,303                      | 3,065            | –                       | 56,805                                     | 699,049          |
| Disposals/Write offs                  | –                | (7,043)                            | (1,220,891)                  | (136,362)        | –                       | (37,198)                                   | (1,401,494)      |
| Foreign exchange<br>difference        | 451              | 85                                 | 2,146                        | 177              | 29                      | 45   | 2,933            |
| <b>At 31.12.2020</b>                  | <b>1,356,899</b> | <b>147,124</b>                     | <b>3,482,080</b>             | <b>492,203</b>   | <b>185,350</b>          | <b>207,543</b>                             | <b>5,871,199</b> |
| <u>Accumulated depreciation</u>       |                  |                                    |                              |                  |                         |  |                  |
| At 01.01.2019                         | –                | 68,567                             | 4,469,317                    | 370,811          | 186,957                 | 645,330                                    | 5,740,982        |
| Depreciation for the year<br>(Note 7) | 167,615          | 10,796                             | 223,422                      | 58,434           | 28,299                  | 45,257                                     | 533,823          |
| Disposal of a subsidiary              | –                | –                                  | (2,655)                      | –                | –                       | (6,674)                                    | (9,329)          |
| Disposals/Write offs                  | –                | (26,985)                           | (1,480,667)                  | (145,654)        | (101,851)               | (579,500)                                  | (2,334,657)      |
| Foreign exchange<br>difference        | (193)            | (53)                               | (3,722)                      | (110)            | (69)                    | (29)                                       | (4,176)          |
| At 31.12.2019                         | 167,422          | 52,325                             | 3,205,695                    | 283,481          | 113,336                 | 104,384                                    | 3,926,643        |
| Depreciation for the year<br>(Note 7) | 288,595          | 11,966                             | 236,288                      | 70,247           | 16,731                  | 35,204                                     | 659,031          |
| Disposals/Write offs                  | –                | (7,043)                            | (1,188,838)                  | (133,147)        | –                       | (31,175)                                   | (1,360,203)      |
| Foreign exchange<br>difference        | 232              | 30                                 | 1,414                        | 67               | 27                      | 20   | 1,790            |
| <b>At 31.12.2020</b>                  | <b>456,249</b>   | <b>57,278</b>                      | <b>2,254,559</b>             | <b>220,648</b>   | <b>130,094</b>          | <b>108,433</b>                             | <b>3,227,261</b> |
| <u>Net carrying amount</u>            |                  |                                    |                              |                  |                         |  |                  |
| At 31.12.2019                         | 775,508          | 87,399                             | 1,283,827                    | 341,842          | 71,985                  | 83,507                                     | 2,644,068        |
| <b>At 31.12.2020</b>                  | <b>900,650</b>   | <b>89,846</b>                      | <b>1,227,521</b>             | <b>271,555</b>   | <b>55,256</b>           | <b>99,110</b>                              | <b>2,643,938</b> |



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11 Property, plant and equipment (continued)

### The Group (continued)

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(a).

The Group acquired plant and machineries with an aggregate cost of \$Nil (2019: \$76,043) by means of finance leases. The cash outflow on acquisition of plant and machineries in 2020 amounted to \$285,531 (2019: \$266,255).

| The Company                     | Buildings      | Furniture and fittings | Plant and machinery | Renovation     | Motor vehicles | Computers and office equipment | Total          |
|---------------------------------|----------------|------------------------|---------------------|----------------|----------------|--------------------------------|----------------|
|                                 | \$             | \$                     | \$                  | \$             | \$             | \$                             | \$             |
| <u>Cost</u>                     |                |                        |                     |                |                |                                |                |
| At 01.01.2019                   | –              | 33,380                 | 1,322,621           | 108,014        | 73,616         | 296,286                        | 1,833,917      |
| Additions                       | 200,638        | –                      | –                   | 112,636        | –              | 24,382                         | 337,656        |
| Disposals/Write offs            | –              | (16,364)               | (87,968)            | –              | (73,616)       | (243,471)                      | (421,419)      |
| At 31.12.2019                   | 200,638        | 17,016                 | 1,234,653           | 220,650        | –              | 77,197                         | 1,750,154      |
| Additions                       | –              | –                      | –                   | 466            | –              | 24,114                         | 24,580         |
| Disposals/Write offs            | –              | (505)                  | (1,144,495)         | (20,680)       | –              | (11,003)                       | (1,176,683)    |
| <b>At 31.12.2020</b>            | <b>200,638</b> | <b>16,511</b>          | <b>90,158</b>       | <b>200,436</b> | <b>–</b>       | <b>90,308</b>                  | <b>598,051</b> |
| <u>Accumulated depreciation</u> |                |                        |                     |                |                |                                |                |
| At 01.01.2019                   | –              | 33,380                 | 1,318,203           | 108,014        | 73,616         | 224,593                        | 1,757,806      |
| Depreciation for the year       | 8,360          | –                      | 2,305               | 4,449          | –              | 8,834                          | 23,948         |
| Disposals/Write offs            | –              | (16,364)               | (87,968)            | –              | (73,616)       | (181,488)                      | (359,436)      |
| At 31.12.2019                   | 8,360          | 17,016                 | 1,232,540           | 112,463        | –              | 51,939                         | 1,422,318      |
| Depreciation for the year       | 100,319        | –                      | 2,113               | 37,700         | –              | 16,576                         | 156,708        |
| Disposals/Write offs            | –              | (505)                  | (1,144,495)         | (20,680)       | –              | (9,829)                        | (1,175,509)    |
| <b>At 31.12.2020</b>            | <b>108,679</b> | <b>16,511</b>          | <b>90,158</b>       | <b>129,483</b> | <b>–</b>       | <b>58,686</b>                  | <b>403,517</b> |
| <u>Net carrying amount</u>      |                |                        |                     |                |                |                                |                |
| At 31.12.2019                   | 192,278        | –                      | 2,113               | 108,187        | –              | 25,258                         | 327,836        |
| <b>At 31.12.2020</b>            | <b>91,959</b>  | <b>–</b>               | <b>–</b>            | <b>70,953</b>  | <b>–</b>       | <b>31,622</b>                  | <b>194,534</b> |

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 23(a).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12 Investment in subsidiaries

|                                      | The Company      |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2020             | 2019             |
|                                      | \$               | \$               |
| Unquoted equity investments, at cost | 17,818,012       | 17,868,012       |
| Addition                             | 100              | –                |
| Disposal                             | –                | (50,000)         |
| Allowance for impairment losses      | (16,549,449)     | (16,549,449)     |
|                                      | <b>1,268,663</b> | <b>1,268,563</b> |

Details of the subsidiaries are as follows:

| Name of subsidiary   | Country of incorporation/<br>Place of business | Percentage of equity held |      | Principal activities   |
|--|--|---------------------------|------|--|
|  |  | 2020                      | 2019 |  |
|  |  | %                         | %    |  |
| <b>Held by the Company</b>   |  |                           |      |  |
| Acesian Engineering (M) Sdn. Bhd. <sup>(1)</sup>                         | Malaysia                                       | 100                       | 100  | Manufacture of air related ducts and accessories.  |
| Acesian Engineering Pte. Ltd. <sup>(2)</sup>                             | Singapore                                      | 100                       | 100  | Fabrication of galvanised steel-ducts.   |
| Acesian Technologies Pte. Ltd. <sup>(2)</sup>                            | Singapore                                      | 100                       | 100  | Sales and distribution of air related ducts and accessories, and offering project management and consultancy services. |
| Linair Technologies (Suzhou) Co., Ltd. <sup>(3)</sup>                    | People's Republic of China                     | 100                       | 100  | Dormant.   |
| Shanghai XianDa Industry Equipment Installation Co., Ltd. <sup>(3)</sup> | People's Republic of China                     | 70                        | 70   | Dormant.   |
| Acesian Systems Pte. Ltd. <sup>(2)</sup>                                 | Singapore                                      | 100                       | 100  | General contractors for infocomm technologies.   |
| Acesian Star (S) Pte. Ltd. <sup>(4)</sup>                                | Singapore                                      | 100                       | 100  | General contractors for building construction, pumping and air-conditioning.   |
| Acesian Technologies (International) Pte. Ltd. <sup>(5)</sup>            | Singapore                                      | 100                       | –    | Inactive.  |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12 Investment in subsidiaries (continued)

| Name of subsidiary | Country of incorporation/<br>Place of business | Percentage of equity held |      | Principal activities |
|--------------------|--|---------------------------|------|----------------------|
|                    |  | 2020                      | 2019 |                      |
|                    |  | %                         | %    |                      |

### ***Held through Acesian Star (S) Pte. Ltd.***

|   |           |     |     |          |
|---|-----------|-----|-----|----------|
| Active Building Technologies Pte. Ltd. <sup>(2)</sup> | Singapore | 100 | 100 | Dormant. |
|---|-----------|-----|-----|----------|

(1) Audited by PKF Malaysia

(2) Audited by PKF-CAP LLP, Singapore

(3) Reviewed by PKF-CAP LLP, Singapore for consolidation purposes

(4) Unaudited as the subsidiary is under liquidation

(5) Unaudited as the subsidiary was newly incorporated and remained inactive during the year

The movement of allowance for impairment losses is as follows:

|                                  | 2020       | 2019       |
|----------------------------------|------------|------------|
|                                  | \$         | \$         |
| Balance at beginning of the year | 16,549,449 | 9,135,092  |
| Charge for the year              | –          | 7,414,357  |
| Balance at end of the year       | 16,549,449 | 16,549,449 |

In the previous financial year, impairment loss of \$7,414,357 was recognised in the profit or loss to write down the carrying amount of investment in a subsidiary, Acesian Star (S) Pte. Ltd. ("ASPL"), to its estimated recoverable amount as a result of the global settlement in relation to several long-standing legal disputes.

### Non-controlling interests ("NCI")

The Group has no subsidiaries that have NCI that are considered material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12 Investment in subsidiaries (continued)

### Disposal of a subsidiary

On 11 March 2019, the Company entered into a share sale and purchase agreement in relation to the disposal of the Company's wholly-owned subsidiary, Acesian Sun Pte. Ltd. ("ASUN") for a consideration of \$321,000.

The value of assets and liabilities of ASUN recorded in the consolidation financial statements as at date of disposal, and the effect of disposal were:

|   | <b>Group<br/>\$</b>   |
|---|-----------------------|
| Cash and cash equivalents                               | 161,867               |
| Trade and other receivables                             | 405,282               |
| Contract assets   | 37,473                |
| Prepayment  | 4,983                 |
| Plant and equipment                                     | 13,277                |
|   | <u>622,882</u>        |
| Trade and other payables                                | 460,195               |
| Contract liabilities                                    | 97,270                |
|   | <u>557,465</u>        |
| <b>Net assets</b>                                       | 65,417                |
| Total consideration                                     | <u>321,000</u>        |
| <b>Gain on disposal of subsidiary (Note 5)</b>          | <u><u>255,583</u></u> |
| Total consideration comprised:                          |                       |
| Cash consideration                                      | 282,500               |
| Deferred consideration                                  | 38,500                |
|   | <u>321,000</u>        |
| The effect of acquisition on cash flows was as follows: |                       |
| Cash proceeds from disposal                             | 282,500               |
| Less: Cash and cash equivalents in ASUN                 | <u>(161,867)</u>      |
| <b>Net cash inflow on disposal</b>                      | <u><u>120,633</u></u> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13 Deferred tax liabilities

|   | The Group |          |
|---|-----------|----------|
|   | 2020      | 2019     |
|   | \$        | \$       |
| Deferred tax liabilities                      | –         | –        |
| The movements of deferred tax are as follows: |           |          |
| Balance at beginning of the year              | –         | (56,308) |
| Adjustment to profit or loss (Note 9)         | –         | 56,215   |
| Exchange differences                          | –         | 93       |
| Balance at end of the year                    | –         | –        |

## 14 Inventories

|  | The Group        |                  |
|--|------------------|------------------|
|  | 2020             | 2019             |
|  | \$               | \$               |
| <b>Statement of financial position:</b>                |                  |                  |
| Raw materials  | 2,165,556        | 2,582,378        |
| Work-in-progress                                       | 318,329          | 111,001          |
| Finished goods   | 897,069          | 1,141,944        |
|  | <b>3,380,954</b> | <b>3,835,323</b> |
| <b>Statement of comprehensive income:</b>              |                  |                  |
| Inventories recognised as an expense in profit or loss | 2,230,034        | 2,919,546        |
| Inclusive of the following charge                      |                  |                  |
| - Inventories written-down (Note 7)                    | 474,897          | 115,770          |
| - Reversal of inventories written-down (Note 7)        | (35,134)         | (23,415)         |

The reversal of inventories written down was made when the related inventories were sold above their carrying amounts in 2020 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15 Trade and other receivables

|  | The Group   |             | The Company  |              |
|--|-------------|-------------|--------------|--------------|
|  | 2020        | 2019        | 2020         | 2019         |
|  | \$          | \$          | \$           | \$           |
| Trade receivables  |             |             |              |              |
| - Third parties  | 4,293,612   | 3,648,762   | 43,755       | 43,755       |
| - Subsidiaries   | –           | –           | 2,365,231    | 2,425,620    |
|  | 4,293,612   | 3,648,762   | 2,408,986    | 2,469,375    |
| Allowance for impairment loss (trade) (Note 26.1(iii))     | (1,714,819) | (1,618,788) | (989,367)    | (989,367)    |
| Trade receivables, net (Note 4(b))                         | 2,578,793   | 2,029,974   | 1,419,619    | 1,480,008    |
| Amount owing by subsidiaries (non-trade)                   | –           | –           | 18,174,182   | 17,677,926   |
| Deposits   | 133,781     | 523,620     | 17,400       | 374,949      |
| Retention sums receivable                                  | 251,997     | 153,054     | –            | –            |
| Other receivables  | 318,435     | 443,741     | 155,600      | 271,296      |
| Allowance for impairment loss (non-trade) (Note 26.1(iii)) | –           | (47,542)    | (16,933,610) | (17,172,018) |
| Total trade and other receivables                          | 3,283,006   | 3,102,847   | 2,833,191    | 2,632,161    |

Trade receivables are non-interest bearing and are generally on 30 to 90 days' (2019: 30 to 90 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amount owing by subsidiaries are unsecured, interest-free and repayable on demand.

The trade and other receivables denominated in foreign currency at reporting date are as follows:

|                       | The Group |         |
|-----------------------|-----------|---------|
|                       | 2020      | 2019    |
|                       | \$        | \$      |
| United States Dollars | 143,724   | 195,933 |

## 16 Fixed deposits pledged

### The Group

The fixed deposits earn interest at the rates of 0.25% to 3.91% (2019: 0.25% to 3.91%) per annum and have been pledged to various banks for banking facilities granted to the Group (Note 25). Fixed deposits are all denominated in the functional currency of the respective Companies.

### The Company

The fixed deposits earn interest at the rates of 0.25% (2019: 0.25%) per annum and had been pledged to a bank for banking facilities obtained by a subsidiary (Note 25). The pledges were released upon completion of the project.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 17 Cash and cash equivalents

|                        | The Group        |           | The Company      |           |
|------------------------|------------------|-----------|------------------|-----------|
|                        | 2020             | 2019      | 2020             | 2019      |
|                        | \$               | \$        | \$               | \$        |
| Cash and bank balances | <b>4,463,872</b> | 4,211,840 | <b>1,978,539</b> | 2,151,175 |

Cash and cash equivalents denominated in foreign currency at reporting date are as follows:

|                       | The Group        |           | The Company      |           |
|-----------------------|------------------|-----------|------------------|-----------|
|                       | 2020             | 2019      | 2020             | 2019      |
|                       | \$               | \$        | \$               | \$        |
| Malaysian Ringgit     | <b>122,980</b>   | 211,142   | –                | –         |
| United States Dollars | <b>1,554,780</b> | 1,511,863 | <b>1,011,593</b> | 1,021,710 |

## 18 Trade and other payables

|  | The Group        |           | The Company    |         |
|--|------------------|-----------|----------------|---------|
|  | 2020             | 2019      | 2020           | 2019    |
|  | \$               | \$        | \$             | \$      |
| Trade payables                           | <b>4,841,333</b> | 4,524,169 | –              | 24,289  |
| Retention sums payable                   | <b>449,122</b>   | 449,122   | –              | –       |
| Amount owing to a related party (trade)  | <b>9,341</b>     | 12,895    | –              | –       |
| Amount owing to subsidiaries (non-trade) | –                | –         | <b>48</b>      | 48      |
| Accruals – directors' fees               | <b>80,000</b>    | 80,000    | <b>80,000</b>  | 80,000  |
| Accrued operating expenses               | <b>777,521</b>   | 916,925   | <b>313,840</b> | 249,870 |
| Other payables                           | <b>402,424</b>   | 711,568   | <b>148,266</b> | 474,138 |
|  | <b>6,559,741</b> | 6,694,679 | <b>542,154</b> | 828,345 |

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' (2019: 30 to 90 days') terms.

The non-trade amount owing to subsidiaries are interest free, unsecured, repayable on demand and are to be settled in cash.

Trade and other payables denominated in foreign currencies at reporting date are as follows:

|                       | The Group      |        |
|-----------------------|----------------|--------|
|                       | 2020           | 2019   |
|                       | \$             | \$     |
| United States Dollars | <b>190,249</b> | 89,456 |
| New Taiwan Dollars    | <b>9,341</b>   | 12,895 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 19 Lease liabilities

|                                | The Group        |                  | The Company   |                |
|--------------------------------|------------------|------------------|---------------|----------------|
|                                | 2020             | 2019             | 2020          | 2019           |
|                                | \$               | \$               | \$            | \$             |
| <b>Current:</b>                |                  |                  |               |                |
| Lease liabilities (Note 23(b)) | 584,671          | 483,580          | 93,184        | 99,205         |
| <b>Non-current:</b>            |                  |                  |               |                |
| Lease liabilities (Note 23(b)) | 597,256          | 687,559          | –             | 93,184         |
|                                | <b>1,181,927</b> | <b>1,171,139</b> | <b>93,184</b> | <b>192,389</b> |

Lease liabilities denominated in foreign currency at reporting date are as follows:

|                   | The Group |         |
|-------------------|-----------|---------|
|                   | 2020      | 2019    |
|                   | \$        | \$      |
| Malaysian Ringgit | 668,348   | 932,919 |

Reconciliation of movement of liabilities to cash flows arising from financing activities:

|                   | 1 January 2020 | Cash flows | Non-cash changes |                  |                     | Interest paid | 31 December 2020 |
|-------------------|----------------|------------|------------------|------------------|---------------------|---------------|------------------|
|                   | \$             | \$         | Additions        | Interest expense | Exchange difference | \$            | \$               |
| Lease liabilities | 1,171,139      | (403,296)  | 413,518          | 47,066           | 566                 | (47,066)      | 1,181,927        |

|                   | 1 January 2019 | Cash flows | Non-cash changes         |                  |                     | Interest paid | 31 December 2019 |
|-------------------|----------------|------------|--------------------------|------------------|---------------------|---------------|------------------|
|                   | \$             | \$         | Additions <sup>(1)</sup> | Interest expense | Exchange difference | \$            | \$               |
| Lease liabilities | 489,326        | (369,499)  | 1,051,312                | 59,726           | –                   | (59,726)      | 1,171,139        |

(1) Additions include the recognition of lease liabilities arising from the adoption of SFRS(I) 16 Leases amounted of \$743,645 as at 1 January 2019.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 20 Share capital

|   | The Group and The Company |             |                   |            |
|---|---------------------------|-------------|-------------------|------------|
|   | 2020                      | 2019        | 2020              | 2019       |
|   | No. of Shares             |             | \$                | \$         |
| <b>Ordinary shares issued and fully paid:</b> |                           |             |                   |            |
| At beginning and end of the year              | <b>498,498,498</b>        | 498,498,498 | <b>20,321,774</b> | 20,321,774 |

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share without restriction. The ordinary shares have no par value.

## 21 Foreign currency translation reserve

The foreign currency translation reserve relates to exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

## 22 Significant related party transactions

### (a) Sales and purchases

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered between the Group and related parties (excluding entities within the Group) that took place at terms agreed between the parties during the financial year:

|                              | The Group      |        |
|------------------------------|----------------|--------|
|                              | 2020           | 2019   |
|                              | \$             | \$     |
| Purchases from related party | <b>348,596</b> | 97,367 |

### (b) Compensation of key management personnel

|                                      | The Group        |           |
|--------------------------------------|------------------|-----------|
|                                      | 2020             | 2019      |
|                                      | \$               | \$        |
| Short-term employee benefits         | <b>1,130,301</b> | 1,251,942 |
| Long-term employee benefits          | <b>12,100</b>    | –         |
| Central provident fund contributions | <b>90,585</b>    | 102,732   |
|                                      | <b>1,232,986</b> | 1,354,674 |

The above amounts include total emoluments of the Company's directors of \$764,066 (2019: \$785,579).

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23 Leases

### Group as a lessee

The Group has leases contracts for office and factory premises, plant and machineries and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

### (a) Carrying amounts of right-of-use assets classified within property, plant and equipment

| The Group                   | Buildings<br>\$ | Plant and<br>machinery<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$      |
|-----------------------------|-----------------|------------------------------|-------------------------|------------------|
| At 1 January 2019           | 743,645         | 757,348                      | 74,759                  | 1,575,752        |
| Additions                   | 200,638         | 107,315                      | –                       | 307,953          |
| Depreciation                | (167,615)       | (89,526)                     | (13,243)                | (270,384)        |
| Foreign exchange difference | (1,160)         | (1,234)                      | –                       | (2,394)          |
| At 31 December 2019         | 775,508         | 773,903                      | 61,516                  | 1,610,927        |
| Additions                   | 413,518         | –                            | –                       | 413,518          |
| Depreciation                | (288,595)       | (94,682)                     | (13,243)                | (396,520)        |
| Foreign exchange difference | 219             | 369                          | –                       | 588              |
| At 31 December 2020         | <b>900,650</b>  | <b>679,590</b>               | <b>48,273</b>           | <b>1,628,513</b> |

| The Company         | Buildings<br>\$ |
|---------------------|-----------------|
| At 1 January 2019   | –               |
| Additions           | 200,638         |
| Depreciation        | (8,360)         |
| At 31 December 2019 | 192,278         |
| Depreciation        | (100,319)       |
| At 31 December 2020 | <b>91,959</b>   |

### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 19 and the maturity analysis of lease liabilities is disclosed in Note 26.4.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23 Leases (continued)

Group as a lessee (continued)

### (c) Amounts recognised in profit or loss

|  | The Group      |                |
|--|----------------|----------------|
|  | 2020           | 2019           |
|  | \$             | \$             |
| Depreciation of right-of-use assets                                      | 396,520        | 270,384        |
| Interest expense on lease liabilities (Note 6)                           | 47,066         | 59,726         |
| Lease expense – short-term leases (included in other operating expenses) | 111,212        | 443,578        |
| Lease expense – low-value leases (included in other operating expenses)  | 8,651          | 17,730         |
|  | <b>563,449</b> | <b>791,418</b> |

### (d) Total cash outflow for all the leases

The Group had total cash outflows for leases of \$450,362 in 2020 (2019: \$429,225).

### (e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3.1(a)).

## 24 Commitments

### (a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

|                               | The Group |         |
|-------------------------------|-----------|---------|
|                               | 2020      | 2019    |
|                               | \$        | \$      |
| Approved and contracted for:  |           |         |
| Property, plant and equipment | –         | 115,182 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 25 Contingencies

### Financial support

The Company has provided a letter of financial support to a subsidiary in the Group with capital deficiency at financial year end.

### Guarantees

The Group has provided the following guarantees at the end of the reporting period:

- Performance of contracts of \$312,010 (2019: \$241,750).
- Guarantee of \$Nil (2019: \$150,000) to a financial institution in relation to the Judicial Management.
- Guarantee of \$210,956 (2019: \$333,913) to a financial institution in relation to some banking facilities of subsidiaries, which it is severally liable for in the event of default by the subsidiaries. The above facilities are secured by fixed deposits (Note 16).

No liability is expected to arise from the above guarantees given. The fair value of the above financial guarantees is not recognised as it is considered not material.

## 26 Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

### 26.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For other financial assets (including cash and cash equivalents and fixed deposit pledged), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Cash and cash equivalents and fixed deposits pledged are placed with financial institutions which are regulated and reputable.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and appropriate measures to mitigate credit risk exposures are undertaken to ensure that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supporting forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26 Financial risk management objective and policies (continued)

### 26.1 Credit risk (continued)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the customers will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for impairment) at reporting date is as follows:

|  | 2020             |             | 2019             |             |
|--|------------------|-------------|------------------|-------------|
|  | \$               | % of        | \$               | % of        |
| <b><u>The Group</u></b>                  |                  |             |                  |             |
| <b>By country:</b>                       |                  |             |                  |             |
| Singapore                                | 2,112,524        | 82%         | 1,754,270        | 86%         |
| Malaysia                                 | 27,312           | 1%          | 79,771           | 4%          |
| Other countries                          | 438,957          | 17%         | 195,933          | 10%         |
|  | <b>2,578,793</b> | <b>100%</b> | <b>2,029,974</b> | <b>100%</b> |
| <b>By segment:</b>                       |                  |             |                  |             |
| Manufacturing, distribution and services | 2,342,468        | 91%         | 1,169,626        | 58%         |
| Engineering services                     | 236,325          | 9%          | 860,348          | 42%         |
|  | <b>2,578,793</b> | <b>100%</b> | <b>2,029,974</b> | <b>100%</b> |

At the end of the reporting period, approximately 74% (2019: 49%) of the Group's trade receivables were due from 5 (2019: 5) major customers.

- (i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment records with the Group. Cash and cash equivalents, as well as fixed deposits pledged that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26 Financial risk management objective and policies (continued)

### 26.1 Credit risk (continued)

- (ii) Financial assets that are past due but not impaired

The Group and the Company have trade receivables amounting to \$705,134 (2019: \$1,243,946) and \$Nil (2019: \$175,490) respectively, that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

|                             | The Group      |                  | The Company |                |
|-----------------------------|----------------|------------------|-------------|----------------|
|                             | 2020           | 2019             | 2020        | 2019           |
|                             | \$             | \$               | \$          | \$             |
| Trade receivables past due: |                |                  |             |                |
| Less than 30 days           | 358,462        | 768,542          | –           | 20,112         |
| 30 – 60 days                | 289,171        | 204,328          | –           | –              |
| 61 – 90 days                | –              | 66,692           | –           | –              |
| 91 – 365 days               | –              | 55,360           | –           | 155,378        |
| More than 365 days          | 57,501         | 149,024          | –           | –              |
|                             | <b>705,134</b> | <b>1,243,946</b> | <b>–</b>    | <b>175,490</b> |

- (iii) Expected credit losses

The movement in allowance for expected credit losses of trade and other receivables computed based on lifetime ECL is as follows:

|                                 | The Group        |                  | The Company       |                   |
|---------------------------------|------------------|------------------|-------------------|-------------------|
|                                 | 2020             | 2019             | 2020              | 2019              |
|                                 | \$               | \$               | \$                | \$                |
| Movement in allowance accounts: |                  |                  |                   |                   |
| At 1 January                    | 1,666,330        | 2,373,461        | 18,161,385        | 13,452,308        |
| Charge for the year (Note 7)    | 92,641           | 115,445          | 7,916             | 5,031,035         |
| Written back (Note 7)           | (105,043)        | (60,239)         | (246,324)         | –                 |
| Written off                     | –                | (740,720)        | –                 | (321,958)         |
| Exchange differences            | 60,891           | (21,617)         | –                 | –                 |
| At 31 December                  | <b>1,714,819</b> | <b>1,666,330</b> | <b>17,922,977</b> | <b>18,161,385</b> |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26 Financial risk management objective and policies (continued)

### 26.2 Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly in United States Dollars ("USD"), Malaysian Ringgit ("RM"), New Taiwan Dollars ("NTD") and Euro ("EUR").

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

|                         |                              | Increase/(decrease)<br>Profit or loss |          |
|-------------------------|------------------------------|---------------------------------------|----------|
|                         |                              | 2020                                  | 2019     |
|                         |                              | \$                                    | \$       |
| <b><u>The Group</u></b> |                              |                                       |          |
| USD/SGD                 | – strengthened 5% (2019: 5%) | 69,100                                | 67,500   |
|                         | – weakened 5% (2019: 5%)     | (69,100)                              | (67,500) |
| NTD/SGD                 | – strengthened 5% (2019: 5%) | (400)                                 | (500)    |
|                         | – weakened 5% (2019: 5%)     | 400                                   | 500      |
| EUR/SGD                 | – strengthened 5% (2019: 5%) | 16,000                                | –        |
|                         | – weakened 5% (2019: 5%)     | (16,000)                              | –        |

### 26.3 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 instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to short term deposits and finance lease obligations with financial institutions. The impact of change in interest rate on the Group's financial assets and liabilities is minimal. As such, the effect of a sensitivity analysis on the Group's net profit/loss would be negligible.

### 26.4 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company monitor its liquidity needs by closely monitoring scheduled debt servicing payments for financial liabilities and their cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 26 Financial risk management objective and policies (continued)

### 26.4 Liquidity risk (continued)

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

|   | Less than<br>1 year<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$      |
|---|---------------------------|--------------------------------|------------------|
| <b><u>The Group</u></b>                         |                           |                                |                  |
| <b>As at 31 December 2020</b>                   |                           |                                |                  |
| <b>Financial liabilities:</b>                   |                           |                                |                  |
| Trade and other payables*                       | 6,347,355                 | –                              | 6,347,355        |
| Lease liabilities                               | 635,112                   | 618,273                        | 1,253,385        |
| <b>Total undiscounted financial liabilities</b> | <b>6,982,467</b>          | <b>618,273</b>                 | <b>7,600,740</b> |
| <b>As at 31 December 2019</b>                   |                           |                                |                  |
| <b>Financial liabilities:</b>                   |                           |                                |                  |
| Trade and other payables*                       | 6,448,092                 | –                              | 6,448,092        |
| Lease liabilities                               | 545,500                   | 740,146                        | 1,285,646        |
| <b>Total undiscounted financial liabilities</b> | <b>6,993,592</b>          | <b>740,146</b>                 | <b>7,733,738</b> |

\* Exclude non-financial liabilities of \$212,386 (2019: \$246,587).

|   | Less than<br>1 year<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$    |
|---|---------------------------|--------------------------------|----------------|
| <b><u>The Company</u></b>                       |                           |                                |                |
| <b>As at 31 December 2020</b>                   |                           |                                |                |
| <b>Financial liabilities:</b>                   |                           |                                |                |
| Trade and other payables**                      | 481,923                   | –                              | 481,923        |
| Lease liabilities                               | 95,700                    | –                              | 95,700         |
| <b>Total undiscounted financial liabilities</b> | <b>577,623</b>            | <b>–</b>                       | <b>577,623</b> |
| <b>As at 31 December 2019</b>                   |                           |                                |                |
| <b>Financial liabilities:</b>                   |                           |                                |                |
| Trade and other payables**                      | 746,297                   | –                              | 746,297        |
| Lease liabilities                               | 107,364                   | 98,417                         | 205,781        |
| <b>Total undiscounted financial liabilities</b> | <b>853,661</b>            | <b>98,417</b>                  | <b>952,078</b> |

\*\* Exclude non-financial liabilities of \$60,231 (2019: \$82,048).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27 Capital management

The primary objective of the Group's capital management is to maintain a strong credit rating and healthy capital ratios to support the Group's business operations and to maximise shareholder value.

The Group manages the capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Group's approach to capital management during the financial years ended 31 December 2020 and 2019.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities less cash and cash equivalents (including fixed deposits pledged). Total capital is calculated as equity plus net debt.

|               | The Group   |             | The Company |             |
|---------------|-------------|-------------|-------------|-------------|
|               | 2020        | 2019        | 2020        | 2019        |
|               | \$          | \$          | \$          | \$          |
| Net debt      | (3,374,767) | (3,213,174) | (1,915,355) | (2,070,331) |
| Equity        | 6,014,161   | 6,099,810   | 5,697,964   | 5,490,541   |
| Total Capital | 2,639,394   | 2,886,636   | 3,782,609   | 3,420,210   |
| Gearing ratio | -128%       | -111%       | -51%        | -61%        |

There were no loan covenants in place for the financial years ended 31 December 2020 and 31 December 2019.

## 28 Statement of operations by segments

For management purposes, the Group is organised into business units based on their activities and services, and has three reportable operating segments as follows:

### Manufacturing, distribution and services

Manufacturing relates to revenue generated from the manufacture, supply, installation and maintenance of ETFE-coated ducts, uncoated stainless steel ducts and galvanised steel ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

Inter-segment pricing is determined on mutually agreed terms.

### Engineering services

Engineering services relates to provision of turnkey facility construction management and specialist engineering.

### Corporate

Corporate segment is involved in Group-level corporate services such as treasury, finance, human resource function and etc.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 28 Statement of operations by segments (continued)

### (a) Business segments

Financial year ended 31 December 2020

|  | Manufacturing,<br>distribution<br>and services<br>\$ | Engineering<br>services<br>\$ | Corporate<br>\$ | Total<br>\$ |
|--|--|-------------------------------|-----------------|-------------|
| REVENUE  |  |                               |                 |             |
| Total Segment  | 9,962,415  | 3,265,394                     | 1,311,086       | 14,538,895  |
| Less: Inter-segment                                    | (3,719,358)  | –                             | (1,296,779)     | (5,016,137) |
| External sales   | 6,243,057  | 3,265,394                     | 14,307          | 9,522,758   |
| RESULTS  |  |                               |                 |             |
| Segment results  | (74)   | 340,499                       | (284,339)       | 56,086      |
| Income tax expense                                     |  |                               |                 | (6,377)     |
| Non-controlling interest                               |  |                               |                 | (27,025)    |
| Net profit attributable to<br>owners of the Company    |  |                               |                 | 22,684      |
| ASSETS   |  |                               |                 |             |
| Segment assets   | 9,626,236  | 1,991,569                     | 2,404,447       | 14,022,252  |
| LIABILITIES  |  |                               |                 |             |
| Segment liabilities                                    | 3,268,977  | 4,016,889                     | 635,290         | 7,921,156   |
| OTHER INFORMATION                                      |  |                               |                 |             |
| Bad debts written off                                  | –  | (23,569)                      | –               | (23,569)    |
| Capital expenditure                                    | (15,736)   | (14,213)                      | (24,578)        | (54,527)    |
| Depreciation   | (482,055)  | (20,268)                      | (156,708)       | (659,031)   |
| Impairment loss on trade<br>and other receivables, net | (35,140)   | –                             | 47,542          | 12,402      |
| Inventories written down,<br>net of reversal           | (439,763)  | –                             | –               | (439,763)   |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 28 Statement of operations by segments (continued)

### (a) Business segments (continued)

Financial year ended 31 December 2019

|  | Manufacturing,<br>distribution<br>and services<br>\$ | Engineering<br>services<br>\$ | Corporate<br>\$ | Total<br>\$ |
|--|--|-------------------------------|-----------------|-------------|
| REVENUE  |  |                               |                 |             |
| Total Segment  | 12,395,061   | 4,205,561                     | 5,114,534       | 21,715,156  |
| Less: Inter-segment                                    | (4,331,027)  | (17,743)                      | (5,114,534)     | (9,463,304) |
| External sales   | 8,064,034  | 4,187,818                     | –               | 12,251,852  |
| RESULTS  |  |                               |                 |             |
| Segment results  | 246,536  | (6,226,201)                   | (1,091,884)     | (7,071,549) |
| Income tax expense                                     |  |                               |                 | (103,566)   |
| Non-controlling interest                               |  |                               |                 | 14,990      |
| Net loss attributable to<br>owners of the Company      |  |                               |                 | (7,160,125) |
| ASSETS   |  |                               |                 |             |
| Segment assets   | 8,700,676  | 2,389,922                     | 3,209,253       | 14,299,851  |
| LIABILITIES  |  |                               |                 |             |
| Segment liabilities                                    | 2,463,071  | 4,609,718                     | 1,020,687       | 8,093,476   |
| OTHER INFORMATION                                      |  |                               |                 |             |
| Bad debts written off                                  | –  | (2,929,993)                   | –               | (2,929,993) |
| Contract assets written off                            | –  | (5,192,193)                   | –               | (5,192,193) |
| Capital expenditure                                    | (194,880)  | (10,400)                      | (137,018)       | (342,298)   |
| Depreciation   | (463,095)  | (46,779)                      | (23,949)        | (533,823)   |
| Impairment loss on trade<br>and other receivables, net | (7,664)  | –                             | (47,542)        | (55,206)    |
| Trade and other payables<br>written off                | –  | 2,272,704                     | –               | 2,272,704   |
| Inventories written down,<br>net of reversal           | (92,355)   | –                             | –               | (92,355)    |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 28 Statement of operations by segments (continued)

### (b) Geographical segments

|                        | 2020             | 2019              |
|------------------------|------------------|-------------------|
|                        | \$               | \$                |
| Revenue                |                  |                   |
| Singapore and Malaysia | 8,709,382        | 11,962,454        |
| Others                 | 813,376          | 289,398           |
|                        | <b>9,522,758</b> | <b>12,251,852</b> |

The following table shows the assets by geographical area as at reporting date:

|              | 2020              | 2019              |
|--------------|-------------------|-------------------|
|              | \$                | \$                |
| Total assets |                   |                   |
| Singapore    | 8,972,955         | 8,909,189         |
| Malaysia     | 4,907,938         | 5,255,799         |
| China        | 141,359           | 134,863           |
|              | <b>14,022,252</b> | <b>14,299,851</b> |

## 29 Fair value of financial instruments

### Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

As at 31 December 2020 and 2019, the Group and the Company had no financial instruments measured at fair value using valuation techniques.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 29 Fair value of financial instruments (continued)

### Financial instruments whose carrying amount approximates fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values due to the relatively short-term maturity.

## 30 Categories of financial instruments

The categories of financial instruments as at the reporting date are as follows:

|                              | The Group        |                  | The Company      |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 2020             | 2019             | 2020             | 2019             |
|                              | \$               | \$               | \$               | \$               |
| <b>Financial assets</b>      |                  |                  |                  |                  |
| <i>At amortised cost</i>     |                  |                  |                  |                  |
| Trade and other receivables* | 3,247,097        | 3,018,402        | 2,833,191        | 2,632,161        |
| Fixed deposit pledged        | 92,822           | 172,473          | 30,000           | 111,545          |
| Cash and cash equivalents    | 4,463,872        | 4,211,840        | 1,978,539        | 2,151,175        |
|                              | <b>7,803,791</b> | <b>7,402,715</b> | <b>4,841,730</b> | <b>4,894,881</b> |
| <b>Financial liabilities</b> |                  |                  |                  |                  |
| <i>At amortised cost</i>     |                  |                  |                  |                  |
| Trade and other payables**   | 6,347,355        | 6,448,092        | 481,923          | 746,297          |
| Lease liabilities            | 1,181,927        | 1,171,139        | 93,184           | 192,389          |
|                              | <b>7,529,282</b> | <b>7,619,231</b> | <b>575,107</b>   | <b>938,686</b>   |

\* Exclude non-financial assets of the Group amounting to \$35,909 (2019: \$84,445).

\*\* Exclude non-financial liabilities of the Group and the Company amounting to \$212,386 (2019: \$246,587) and \$60,231 (2019: \$82,048) respectively.

## 31 Outbreak of Covid-19

The outbreak of the Covid-19 globally and in Singapore has continued to cause significant disturbance and slowdown of economic activities. This has led to the decrease in volume of transactions which contributed to the lower revenue generated by the Group in the current financial year.

Despite the resumption of more construction activities in the fourth quarter, the sector is still facing challenges such as labour shortages, rising cost of materials and supply chain disruptions. In view of the inherent nature and unpredictability of the virus and market sentiment, along the roll-out of Covid-19 vaccination, the market outlook and operating environment in the near term is uncertain at this juncture. The directors will continue to monitor the situation and respond proactively to mitigate the impact on the Group's financial performance and financial position.

## 32 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 March 2021.

# SHAREHOLDINGS STATISTICS

As at 15 March 2021

|   |   |                      |
|---|---|----------------------|
| Number of Issued Shares   | : | 498,498,498          |
| Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings <sup>(1)</sup> ) | : | 498,498,498          |
| Number of Treasury Shares   | : | 0                    |
| Number of Subsidiary Holdings   | : | 0                    |
| Percentage of Treasury Shares and Subsidiary Holdings                                       | : | 0.00% <sup>(2)</sup> |
| Class of Shares   | : | Ordinary shares      |
| Voting Rights (excluding Treasury Shares and Subsidiary Holdings)                           | : | One vote per share   |

## Notes:

- (1) “**Subsidiary Holdings**” means any Issued Shares of the Company held by its subsidiaries (as referred to in the Companies Act, Chapter 50 of Singapore).
- (2) Percentage calculated against the number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings).

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | %             | NO. OF SHARES      | %             |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 – 99                | 16                  | 2.99          | 134                | 0.00          |
| 100 – 1000            | 30                  | 5.60          | 26,083             | 0.01          |
| 1,001 – 10,000        | 116                 | 21.64         | 809,666            | 0.16          |
| 10,001 – 1,000,000    | 341                 | 63.62         | 43,980,558         | 8.82          |
| 1,000,001 and above   | 33                  | 6.15          | 453,682,057        | 91.01         |
| <b>Total</b>          | <b>536</b>          | <b>100.00</b> | <b>498,498,498</b> | <b>100.00</b> |

## LIST OF 20 LARGEST SHAREHOLDERS

| NO. | NAME                                | NO. OF SHARES      | %            |
|-----|-------------------------------------|--------------------|--------------|
| 1   | LOH YIH                             | 100,877,558        | 20.24        |
| 2   | PHILLIP SECURITIES PTE LTD          | 52,480,958         | 10.53        |
| 3   | QIU JUN                             | 50,600,000         | 10.15        |
| 4   | CAVANGH GROUP PTE LTD               | 47,380,000         | 9.50         |
| 5   | OH BOON SHI (HU WENSHI)             | 33,806,541         | 6.78         |
| 6   | HILLS HOLDINGS PTE LTD              | 20,000,000         | 4.01         |
| 7   | KELVIN KWOK YING CHOY               | 19,542,800         | 3.92         |
| 8   | OCBC SECURITIES PRIVATE LTD         | 19,035,100         | 3.82         |
| 9   | CITIBANK NOMS SPORE PTE LTD         | 13,445,000         | 2.70         |
| 10  | LOH TOH YONG                        | 12,000,000         | 2.41         |
| 11  | TRIPLESTAR CAPITAL PTE LTD          | 11,120,000         | 2.23         |
| 12  | WONG KOK CHYE                       | 6,822,000          | 1.37         |
| 13  | CHANG CHEN YU                       | 6,698,000          | 1.34         |
| 14  | YUEN CHEE KIN                       | 6,469,000          | 1.30         |
| 15  | TAN CHOW KHONG                      | 6,400,000          | 1.28         |
| 16  | SEE LOP FU JAMES @ SHI LAP FU JAMES | 6,000,000          | 1.20         |
| 17  | HUANG LING JUNG                     | 5,960,000          | 1.20         |
| 18  | TAN SOON LAN                        | 5,661,000          | 1.14         |
| 19  | DBS NOMINEES PTE LTD                | 5,570,400          | 1.12         |
| 20  | LAW CHWEE KIAT                      | 5,035,500          | 1.01         |
|     | <b>TOTAL:</b>                       | <b>434,903,857</b> | <b>87.25</b> |

# SHAREHOLDINGS STATISTICS

As at 15 March 2021

## SUBSTANTIAL SHAREHOLDERS

| Name of Substantial Shareholders            | Number of Shares fully paid |       |                 |      |
|---|-----------------------------|-------|-----------------|------|
|   | Direct Interest             | %     | Deemed Interest | %    |
| Loh Yih <sup>(1)</sup>                      | 100,877,558                 | 20.24 | 47,380,000      | 9.50 |
| Cavangh Group Pte Ltd                       | 47,380,000                  | 9.50  | –               | –    |
| Qiu Jun                                     | 50,600,000                  | 10.15 | –               | –    |
| Ho Ta-Huang <sup>(2)</sup>                  | –                           | –     | 45,583,000      | 9.14 |
| Chern Dar Enterprise Co. Ltd <sup>(3)</sup> | –                           | –     | 45,583,000      | 9.14 |
| Oh Boon Shi (Hu WenShi)                     | 33,806,541                  | 6.78  | –               | –    |

### Notes:

- (1) Mr. Loh Yih is deemed to be interested in the 47,380,000 shares held by Cavangh Group Pte. Ltd.
- (2) Mr. Ho Ta-Huang is deemed to be interested in the 45,583,000 shares held by Chern Dar Enterprise Co. Ltd.
- (3) Chern Dar Enterprise Co. Ltd's shares are held in the name of Phillip Securities Pte Ltd.

## PUBLIC FLOAT

Based on information available to the Company as at 15 March 2021, approximately 42.62% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting ("**AGM**") of Acesian Partners Limited (the "**Company**") will be convened and held by way of electronic means (via live webcast and live audio feed) on Tuesday, 27th day of April 2021 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020, together with the Independent Auditors' Report thereon.  
**(Resolution 1)**
2. To approve the payment of Directors' Fees of S\$80,000.00 for the financial year ended 31 December 2020 (2019: S\$80,000.00).  
**(Resolution 2)**
3. To re-elect the Director, Mr. Wong Kok Chye\*, who is retiring by rotation under Article 89 of the Company's Constitution, and who, being eligible, offers himself for re-election.  
**(Resolution 3)**  
[See Explanatory Note (i)]
4. To re-elect the Director, Mr. Qiu Jun\*, who is retiring by rotation under Article 89 of the Company's Constitution, and who, being eligible, offers himself for re-election.  
**(Resolution 4)**  
[See Explanatory Note (ii)]
5. To re-appoint PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.  
**(Resolution 5)**
6. To transact any other ordinary business which may be properly transacted at an AGM.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:-

### 7. **General mandate to allot and issue new shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual under Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:-

- (A) (i) Allot and issue ordinary shares of the Company ("**Shares**") whether by way of rights issue, bonus issue or otherwise; and/or
- (ii) make or grant offers, agreements, or options (collectively, "**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

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\* For details of their disclosure pursuant to Rule 720(5) of the Catalist Rules, please refer to pages 16 to 21 of the Annual Report 2020.



# NOTICE OF ANNUAL GENERAL MEETING

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided always that:
- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below); and
  - (ii) (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 that may be issued under sub-paragraph (i) above, the percentage of the issued Shares 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:
    - (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
    - (b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
    - (c) any subsequent bonus issue, consolidation or subdivision of Shares;Adjustments in accordance with (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed.
  - (iii) 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 Constitution of the Company for the time being in force; and
  - (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.” **(Resolution 6)**  
[See Explanatory Note (iii)]

## 8. Renewal of the Share Buy Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchases (each an **"Off-Market Purchase"**) (if effected otherwise than on the SGX-ST) in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and provisions including but not limited to the Catalyst Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Buy Back Mandate"**);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing on and from the date of passing of this Resolution and expiring on the earliest of:
  - (i) the date on which the next AGM is held or is required by law to be held;
  - (ii) the date on which the share buy back is carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in this Share Buy Back Mandate is varied or revoked;
- (d) for purposes of this Resolution:

**"Prescribed Limit"** means ten per cent. (10%) of the Shares of the Company as at the date of passing of this Ordinary Resolution unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any Shares which are held as treasury shares as at that date);

**"Relevant Period"** means the period commencing from the date of the AGM at which the Share Buy Back Mandate is approved and thereafter, expiring on the date on which the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

**"Maximum Price"** in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares not exceeding:-

- (i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price.

where:-

**"Average Closing Price"** means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase by the Company;

**"date of the making of the offer"** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

# NOTICE OF ANNUAL GENERAL MEETING

- (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Share Buy Back by the Company, pursuant to the Share Buy Back Mandate in any manner as they think fit, which is permissible under the Act; and
- (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider expedient, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”  
**(Resolution 7)**  
[See Explanatory Note (iv)]

## 9. **Renewal of the Interested Persons Transactions Mandate**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST for the Company and its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Catalist Rules), or any of them, to enter into and to approve and/or ratify any of the transactions falling within the interested person transactions described in the Circular with any party who is of the class of interested persons described in the Circular, provided that such transactions are made on normal commercial terms and not prejudicial to the interest of the Company and the minority shareholders and in accordance with the Company’s review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the “**IPT Mandate**”) shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company is held or is required by law to be held, whichever is earlier; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate. **(Resolution 8)**  
[See Explanatory Note (v)]

BY ORDER OF THE BOARD

WONG KOK CHYE  
EXECUTIVE DIRECTOR AND GROUP CHIEF OPERATING OFFICER

9 APRIL 2021  
SINGAPORE

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) If re-elected under Resolution 3, Mr. Wong Kok Chye will remain as Executive Director and Group Chief Operating Officer of the Company. Detailed information on Mr. Wong Kok Chye can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report 2020.
- (ii) If re-elected under Resolution 4, Mr. Qiu Jun will remain as Executive Director and Business Development Director (China) of the Company. Detailed information on Mr. Qiu Jun can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report 2020.
- (iii) Resolution 6, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of hundred per cent (100%) of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed fifty per cent (50%) of the issued Shares (excluding treasury shares and subsidiary holdings) of the Company) for the purposes as they consider would be in the interest of the Company. This authority will continue in force until the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied by the Company at a general meeting.
- (iv) Resolution 7, if passed, will empower the Directors of the Company, from the date of the AGM until the date the next AGM is to be held or required by law to be held, whichever is earlier, to renew the mandate to allow the Company to purchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company up to the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Circular dated 9 April 2021.
- (v) Resolution 8, if passed, will authorise the Interested Person Transactions as described in the Circular to Shareholders dated 9 April 2021 and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, continue in force until the date the next general meeting of the Company is held or is required by law to be held, whichever is earlier.

## Notes:-

- (i) The AGM 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. A copy of the Notice of AGM can be retrieved electronically by the members on the Company's website at the URL <http://www.acesian.com> and on the SGX website at the URL <http://www.sgx.com/securities/company-announcements>.
- (ii) In view of the COVID-19 (Temporary Measures) Act which was passed by Parliament on 7 April 2020, allowing for alternative meeting arrangements to be implemented where personal attendance at meetings is provided for in written law or any legal instrument, the Company reserves the right to hold the AGM wholly by electronic communication, video conferencing, tele-conferencing or other electronic means. This would necessitate the Company rejecting physical attendance by shareholders, and any shareholder seeking to attend the AGM physically in person will be turned away. As such, to vote on any or all of the resolutions at the AGM, shareholders are encouraged to send in your votes in advance by proxy and must appoint "Chairman of the Meeting" as your proxy.

## (iii) **Pre-registration procedure and submission of questions in advance**

Alternative arrangements have been put in place to allow members to participate at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM. Shareholders who wish to watch the live webcast or listen to the live audio feed of the AGM and/or submit questions in advance of the AGM, are required to download the pre-registration form from the Company's website at the URL <http://www.acesian.com> or from the SGX website at the URL <http://www.sgx.com/securities/company-announcements>, and submit the completed signed form to the Company in the following manner:

- (a) if submitted by post, be deposited at the Company's registered office at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082; or

# NOTICE OF ANNUAL GENERAL MEETING

(b) if submitted electronically, be submitted via email to the Company at [agm@acesian.com](mailto:agm@acesian.com),

in either case, by 10.00 a.m. on 21 April 2021.

Confirmation of a shareholder's successful pre-registration for the live webcast or live audio feed of the AGM proceedings will be sent by email to the shareholder's email address provided or if the shareholder is a legal entity, the corporate representative's email address provided or if the shareholder is a relevant intermediary, the Beneficial Owner's email address provided. The email ("**Confirmation Email**") will contain details and instructions on how to access the live webcast and live audio feed of the AGM proceedings. Shareholders shall receive the Confirmation Email by 10.00 a.m. on 23 April 2021.

Please note that shareholders will not be able to ask questions at the AGM "live" during the webcast and audio feed and therefore shareholders should pre-register their participation in order to submit their questions in advance of the AGM. The Company will endeavor to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on the Company's website at the URL <http://www.acesian.com> and on SGX website at the URL <http://www.sgx.com/securities/company-announcements>. Where substantial and relevant questions submitted by members are not addressed prior to the AGM, the Company will address them at the AGM.

The Company will also publish minutes of the AGM on its corporate website at <http://www.acesian.com> and on SGX website at <http://www.sgx.com/securities/company-announcements>, including questions and responses from the Board of Directors within one month after the date of the AGM.

## (iv) **Proxy voting**

A member (whether individual or corporate) will not be able to attend the AGM in person and must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Members may download the proxy form from the Company's website at the URL <http://www.acesian.com> or from SGX website at the URL <http://www.sgx.com/securities/company-announcements>. Members are required to submit the completed and signed proxy form to exercise his/her/its voting rights at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting 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 form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

A Relevant Intermediary shall appoint the Chairman of the Meeting as proxy to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2021 and must be given the same extent of rights as shareholders or members. Such rights include the right to participate in the meeting through live webcast or live audio feed and submit questions prior to the meeting and have substantial and relevant questions answered.

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

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

(a) if submitted by post, be deposited at Company's registered office at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082; or

(b) if submitted electronically, be submitted via email to the Company at [proxy@acesian.com](mailto:proxy@acesian.com),

in either case, not less than 48 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must first download the proxy form from company's website or SGX website, complete and sign it, 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 COVID-19 related safe distancing measures, and as a safety precaution to prevent the transmission of the COVID-19 virus, members are strongly encouraged to submit completed proxy forms electronically via email, where possible.**

(v) The Annual Report for the financial year ended 31 December 2020 and the Circular dated 9 April 2021 (in relation to the proposed renewal of the share buy back mandate and the proposed renewal of the interested person transactions mandate) will be published on the Company's website at the URL <http://www.acesian.com> and will also be made available on the SGX website at the URL <http://www.sgx.com/securities/company-announcements>.

# NOTICE OF ANNUAL GENERAL MEETING

## PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend and vote at the AGM and/or any adjournment thereof, 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 Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.*

*This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.*

*The contact person for the Sponsor is Mr. Liao H.K.  
Telephone number: 6221 0271*

# ACESIAN PARTNERS LIMITED

Company Registration No. 199505699D  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT

#### Alternative Arrangements for Annual General Meeting ("AGM" or the "Meeting")

1. The AGM 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. A copy of the Proxy Form can be retrieved electronically by the members on the Company's website at the URL <http://www.acesian.com> and on the SGX website at the URL <http://www.sgx.com/securities/company-announcements>.
2. In view of the COVID-19 related safe distancing measures, and as a safety precaution to prevent the transmission of the COVID-19 virus, a member will not be able to attend the AGM in person. Alternative arrangements have been put in place to allow members to participate at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live webcast or live audio feed), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM. Shareholders who wish to watch the live webcast or listen to live audio feed of the AGM and/or submit questions in advance of the AGM, are required to download the pre-registration form from the Company's website at the URL <http://www.acesian.com> or from the SGX website at the URL <http://www.sgx.com/securities/company-announcements> and submit the completed signed form to the Company by post or email.
3. A member (whether individual or corporate) will not be able to attend the AGM in person and must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. 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 attend and vote on his/her/its behalf at the AGM.
4. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2021.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2021.

I/We \_\_\_\_\_ (Name) NRIC/Passport No./Company Registration No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of Acesian Partners Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf, at the Meeting to be held by way of electronic means (via live webcast and live audio feed) on Tuesday, 27th day of April 2021 at 10.00 a.m. and at any adjournment thereof. I/We direct my/ our proxy to vote for or against, or elect to abstain from the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes '**For**' or '**Against**' or to elect to **Abstain** from the relevant resolution, please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

| No. | Resolutions relating to:  | For | Against | Abstain |
|-----|---|-----|---------|---------|
|     | <b>Ordinary Business</b>  |     |         |         |
| 1.  | Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020, together with the Independent Auditors' Report thereon |     |         |         |
| 2.  | Approval of payment of Directors' Fees amounting to S\$80,000.00 for the financial year ended 31 December 2020  |     |         |         |
| 3.  | Re-election of Mr. Wong Kok Chye as a Director of the Company   |     |         |         |
| 4.  | Re-election of Mr. Qiu Jun as a Director of the Company   |     |         |         |
| 5.  | Re-appointment of PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration   |     |         |         |
|     | <b>Special Business</b>   |     |         |         |
| 6.  | Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50  |     |         |         |
| 7.  | To renew the Share Buy Back Mandate   |     |         |         |
| 8.  | To renew the Interested Person Transactions Mandate   |     |         |         |

Dated this \_\_\_\_\_ Day of \_\_\_\_\_ 2021

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register           |               |
| (b) Register of Members    |               |

Signature(s) or Common Seal of member(s)

**IMPORTANT: PLEASE READ NOTES FOR 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 (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. In view of the COVID-19 related safe distancing measures in Singapore, and as a safety precaution to prevent the transmission of the COVID-19 virus, a member (whether individual or corporate) will not be able to attend the AGM in person and must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form for the AGM may also be accessed at the Company's website at the URL <http://www.acesian.com> and on the SGX website at the URL <http://www.sgx.com/securities/company-announcements>.
3. Where a member (whether individual or corporate) appoints the Chairman of the Meeting 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 form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. A Relevant Intermediary shall appoint the Chairman of the Meeting as proxy to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 15 April 2021 and must be given the same extent of rights as shareholders or members. Such rights include the right to participate in the meeting through "live" webcast or audio feed and submit questions prior to the meeting and have substantial and relevant questions answered.
6. The Chairman of the Meeting, as proxy, need not be a member of the Company.
7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at Company's registered office at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082; or
  - (b) if submitted electronically, be submitted via email to the Company at [proxy@acesian.com](mailto:proxy@acesian.com),

in either case, not less than 48 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy must download the proxy form from the Company's website or SGX website, complete and sign it, 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 COVID-19 related safe distancing measures, and as a safety precaution to prevent the transmission of the COVID-19 virus, members are strongly encouraged to submit completed proxy forms electronically via email, where possible.

8. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
9. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.



# ACESIAN PARTNERS LIMITED

Company Registration No. 199505699D  
(Incorporated in the Republic of Singapore)

## PRE-REGISTRATION FORM ANNUAL GENERAL MEETING ON 27 APRIL 2021 ("AGM")

### Details of Shareholder

Name(s) of Shareholder(s): \_\_\_\_\_ NRIC/Passport Number(s)/Company Registration Number: \_\_\_\_\_

Email Address: \_\_\_\_\_ Contact Number(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Shareholding Type(s): ☐ CDP Securities Account No. \_\_\_\_\_  
☐ CPFIS/SRS Account  
☐ Physical Scrips

I/We being a member of the Company, wish to register my/our attendance for the live webcast or live audio feed, and/or raise questions at the AGM of the Company as follows:

*(Please tick only ONE box. Incomplete or incorrectly completed form will not be processed.)*

- ☐ I will not be attending via live webcast or live audio feed but I wish to raise questions relating to the resolutions to be tabled at the AGM.
- ☐ I wish to attend via live webcast or live audio feed and I do not have any questions relating to the resolutions to be tabled at the AGM.
- ☐ I wish to attend via live webcast or live audio feed and I wish to raise questions relating to the resolutions to be tabled at the AGM.

I/We understand that the Company shall be entitled to reject the Pre-registration Form which is incomplete, improperly completed, illegible or where true intentions of the shareholder of the Company are not ascertainable from the instructions specified in the Pre- registration Form.

### Questions relating to the resolutions to be tabled at the Company's AGM

Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_

Company stamp: \_\_\_\_\_  
(in case of corporate shareholder)

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**



**IMPORTANT:**

1. Shareholders who wish to attend the live webcast or live audio feed of the AGM are to submit the completed and signed pre-registration form to the Company in the following manner:
  - (a) if submitted by post, be deposited at the Company's registered office at 33 Mactaggart Road, #04-00 Lee Kay Huan Building, Singapore 368082; or
  - (b) if submitted electronically, be submitted via email to the Company at [agm@acesian.com](mailto:agm@acesian.com)

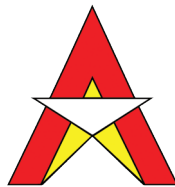
in either case, by 10.00 a.m. on 21 April 2021.

Please note that shareholders will not be able to ask questions at the AGM "live" during the webcast or audio feed and therefore shareholders should pre-register their participation by 10.00 a.m. on 21 April 2021 in order to submit their questions in advance of the AGM.

2. A shareholder which is a legal entity may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its corporate representative, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore. Where the shareholder is a legal entity or relevant intermediary, the representative of such shareholder shall sign this pre-registration form.
3. The Company will provide its responses from Management and the Board of Directors to substantial queries and relevant comments from Shareholders prior to the AGM on the Company's website at the URL <http://www.acesian.com> and on SGX website at the URL <http://www.sgx.com/securities/company-announcements>. The Company will also publish minutes of the AGM within one month from the date of the AGM on its corporate website at <http://www.acesian.com> and on SGX website at the URL <http://www.sgx.com/securities/company-announcements>, including its responses from Management and the Board of Directors to substantial queries and relevant comments from Shareholders as recommended in the Code of Corporate Governance 2018.

Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them at the AGM (as may be appropriate).

4. Confirmation of a shareholder's successful pre-registration for the live webcast or live audio feed of the AGM proceedings will be sent by email to the shareholder's email address provided or if the shareholder is a legal entity, the corporate representative's email address provided or if the shareholder is a relevant intermediary, the Beneficial Owner's email address provided. The email ("**Confirmation Email**") will contain details and instructions on how to access the live webcast and live audio feed of the AGM proceedings. Shareholders who do not receive the Confirmation Email by 10.00 a.m. on 23 April 2021, but have registered by the 21 April 2021 deadline and have not been informed of an unsuccessful registration, should contact us at [agm@acesian.com](mailto:agm@acesian.com) or at 67575310.
5. By submitting this pre-registration form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2021.



**ACESIAN PARTNERS LIMITED**  
33 Mactaggart Road, #04-00  
Singapore 368082

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