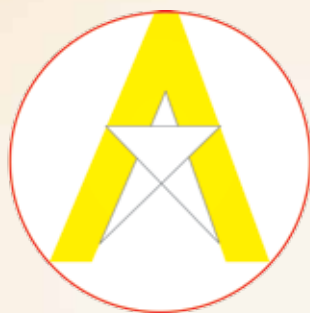


2018

ANNUAL
REPORT



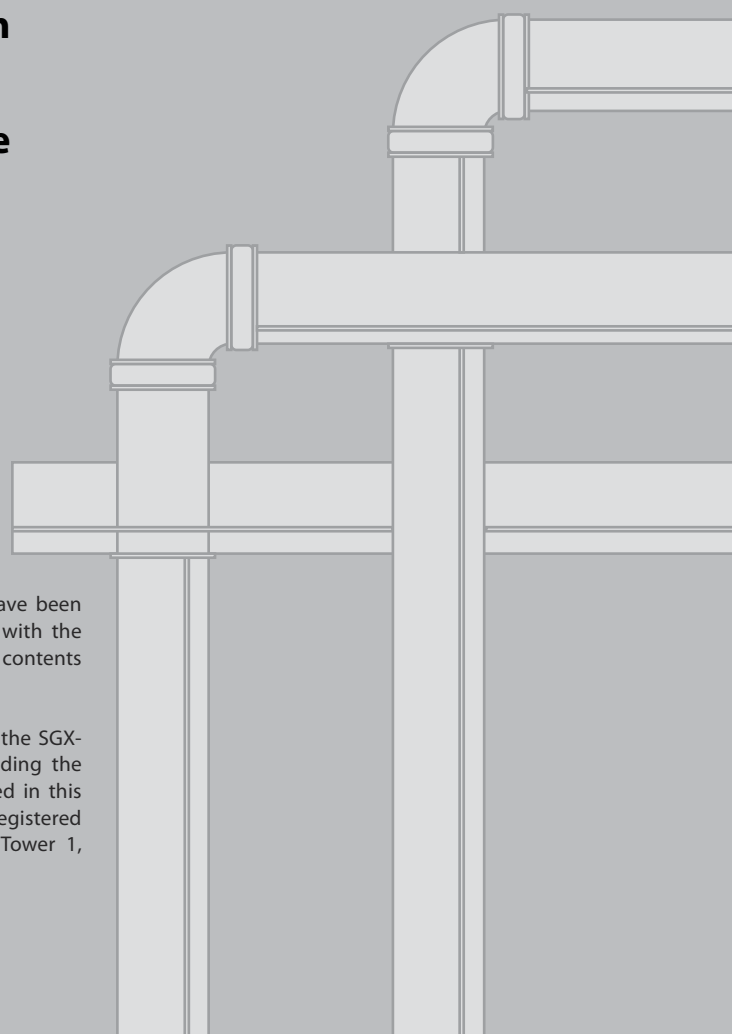
ACESIAN PARTNERS LIMITED

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Mr. Leong Weng Tuck, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, Tel: (65) 6381 6757.



Corporate Profile

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 for environmental solutions and integrated services to diverse industries including the semiconductor, wastewater treatment, chemical, pharmaceutical and biotechnological industries. The Company was successfully listed on the SGX Sesdaq (now known as Catalyst) in February 2005. In late 2015, we set up our latest business unit, Information Communication Technologies ("**ICT**"), dedicated to meet 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 solution to large-scale command centre to integrated video wall set up.

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, uncoated stainless steel ducts, galvanised 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 galvanised and 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 are 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 box offers solutions for critical airflow application in laboratories which require proper directional airflow.

INFORMATION COMMUNICATION TECHNOLOGIES

Our ICT unit has gained significant market recognition over the past three 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 including but not limited to the commercial, financial and education sectors. In order to meet the needs and objectives of our increasing clientele, our staff strength has grown four-fold and currently stands at sixteen specialists. We are CTS-D and CTS-I certified under the Audiovisual and Integrated Experience Association, or AVIXA as well as a certified HDBaseT Trainer, all of which are recognised worldwide.

Letter to Shareholders

“ the Group registered an increase in revenue to S\$20.5 million in FY2018.

MANUFACTURING REVENUE DOUBLED (from S\$7.1 million in FY2017 to S\$14.2 million in FY2018), largely due to **HIGHER DEMAND IN THE SEMICONDUCTOR INDUSTRIES** and the improvements in our manufacturing and production processes. ”

MR LOH YIH MANAGING DIRECTOR

DEAR SHAREHOLDERS,

Financial Year ended 31 December 2018 (“FY2018”) was a challenging year for the Group, due in part to the initial teething problems for the newly-expanded manufacturing facility and the disputes (in relation to our subsidiary Acesian Star (S) Pte Ltd (“ASPL”) and the projects at Changi Airport Terminal 4 and Terminal 1 Extension). The disputes with the main contractor is still ongoing, but the Group will continue to minimise any potential financial impacts.

I would therefore like to express my sincere gratitude and thanks to the shareholders, stakeholders, suppliers, sub-contractors, customers and members of staff who have continued to give us their unstinting support during this difficult period, particularly since such support has meant that we have been able to take steps to address the issues and strengthen the financial position of the Group (for instance, via the streamlining of the Group’s business through the proposed disposal of a loss-making unit).

Accordingly, our performance in FY2018 was markedly better. The Group has registered an increase in revenue of S\$8.5 million (from S\$12.0 million in Financial Year ended 31 December 2017 (“FY2017”) to S\$20.5 million in FY2018), out of which S\$7.1 million was contributed from our manufacturing segment.

The abovementioned teething problems have been overcome, and we have successfully expanded and revamped our manufacturing division as at November 2018. As a result, our production capacity has increased more than three-fold, and there have also been significant improvements in quality, efficiency and productivity. The Group is therefore well-placed to participate and assist in larger projects moving forward. With the excess capacity, we will expand our marketing effort in Europe and China.

In addition, our Information Communication Technologies business has grown considerably, mainly due to referrals from existing customers and stakeholders who have experienced our staff’s competency, professionalism, attentiveness and work ethic.

FINANCIAL REVIEW

As mentioned, the Group has registered an increase in revenue to S\$20.5 million in FY2018 from S\$12.0 million in FY2017. Manufacturing revenue doubled from S\$7.1 million in FY2017 to S\$14.2 million in FY2018, largely due to higher demand in the semiconductor industries and the improvements in our manufacturing and production processes. Revenue from the engineering segment in FY2018 rose to S\$6.3 million (S\$1.5 million or 29.8% higher than FY2017).

In addition, our efforts have meant that gross profit increased by 76.2% (from S\$3.7 million in FY2017 to S\$6.5 million in FY2018) due to higher revenue and overall marginal increase in gross profit margin by 1.0 percentage point.

Other operating income decreased by S\$7.2 million (from S\$8.2 million in FY2017 to S\$1.0 million in FY2018) mainly due to the absence of the prior year's gain of S\$7.8 million from the scheme of arrangement with the adjudicated creditors of ASPL (which remains under judicial management). Despite higher legal expenses and higher sales, we managed to maintain our administrative expenses at S\$4.6 million in FY2018 mainly due to lower staff costs (although this was partially offset by the provision of S\$0.7 million for the professional fees of the Judicial Managers of ASPL).

Other operating expenses decreased by S\$8.1 million (from S\$9.7 million in FY2017 to S\$1.6 million in FY2018). This was largely due to the absence of impairment for contract assets of S\$7.8 million in FY2017 in relation to the Changi Airport Terminal 4 and Terminal 1 Extension projects. Finance costs increased from S\$16,000 in FY2017 to S\$19,000 in FY2018 due to the new hire purchases of machinery and equipment.

The Group has shown effective use of cash raised from the placement exercise, generated positive cashflow and maintained a healthy liquidity position, as evidenced by its current ratio of 1.91 as at 31 December 2018. The Group's cash position increased by S\$3.1 million (from S\$2.9 million as at 31 December 2017 to S\$6.0 million as at 31 December 2018). On a per share basis, earnings per share were 0.24 cents for the year. Net asset value per share as at 31 December 2018 was 2.65 cents, a marginal decrease from 2.72 cents as at 31 December 2017.

OUTLOOK

It is expected that the economic environment will remain challenging, given the continuing intense competition within the industry and macroeconomic dynamics (in particular, the US-China trade war).

Notwithstanding, the said trade war will likely open up other possible opportunities (such as potential interest in plant and related investment in Southeast Asia). In addition, technological advancements and developments (for instance, with respect to 5G networks, Artificial Intelligence and driverless/autonomous vehicles) may drive demand in the microprocessor and related industries.

The Group will therefore continue to be ready to adapt to exploit any opportunities and address any difficulties presented by the market, while still remaining vigilant and mindful of the ongoing process of restructuring, improving, and managing costs.

Given the foregoing, the continuing support from all our stakeholders and partners, as well as the fresh perspectives and contributions from the recent additions to our Board of Directors and management, we exercise cautious optimism for the coming year.

CONCLUSION

In closing, on behalf of the Board of Directors, we recognise our management and staff's unwavering efforts, hard work and commitment to the Acesian Group. We would also like to express our heartfelt gratitude to and appreciation of our valued shareholders, stakeholders, suppliers, sub-contractors and customers. Each and every one of you has in your own way enabled the Group to meet challenges head-on, grow and improve, despite these testing times. We hope that we will be able to continue to count on your support as the Group redoubles its efforts and charts its path to a greater success.

LOH YIH

Managing Director

Board of Directors

MR LOH YIH

Managing Director & Executive Director

Mr Loh Yih joined the Group in September 2013 as Executive Chairman and was redesignated to managing director in August 2018. He 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 and Lead Independent Non-Executive Director

Mr Neo Gim Kiong was appointed as our Lead Independent Non-Executive Director on 2 August 2018 and was redesignated as our 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 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, International Press Softcom Limited and Astaka Holdings 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

Group Chief Operating Officer & Executive Director

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)

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 Chairman of Shanxi Brother Real Estate Co., Ltd, a real estate developer in China and Chairman of Shanxi North-West Metal Logistics Co., Ltd, a logistic company in China.

MR HO TA-HUANG

Non-Executive & Non-Independent Director

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

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. He is currently an Independent Director of Old Chang Kee Ltd.

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

Group Financial Controller

Mr Choo Wai Leong, Ivan, was appointed as our Group Financial Controller on 28 August 2018. He is responsible for overseeing the overall Group's financial operations, accounting functions and tax matters.

Mr Choo has about 20 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").

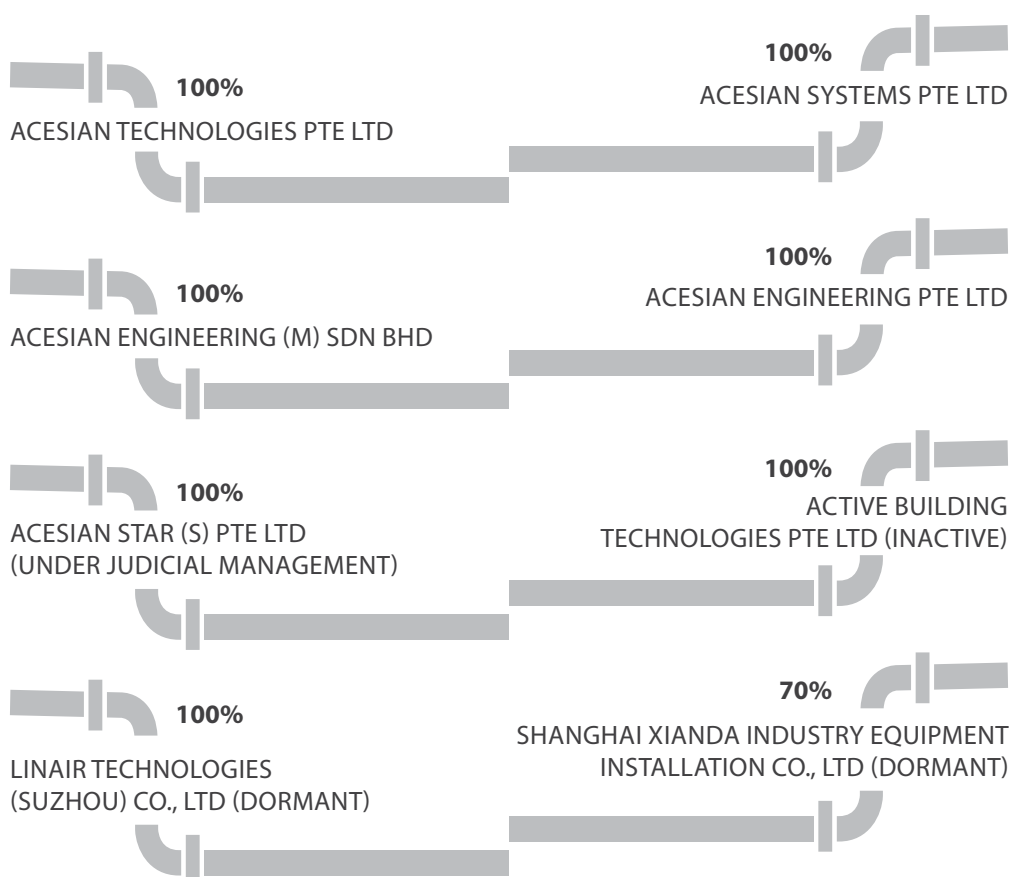
MS LEE WEE BENG, VIVIAN

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 20 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



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

(Managing Director & Executive Director)

Neo Gim Kiong

(Non-Executive Chairman &

Lead Independent Non-Executive Director)

Wong Kok Chye

(Group Chief Operating Officer & Executive Director)

Qiu Jun

(Business Development Director (China)

& Executive Director)

Ho Ta-Huang

(Non-Executive & Non-Independent 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

Chin Su Xian

SOLICITORS

cLegal LLC

Sim Chong LLC

Chan Neo LLP

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

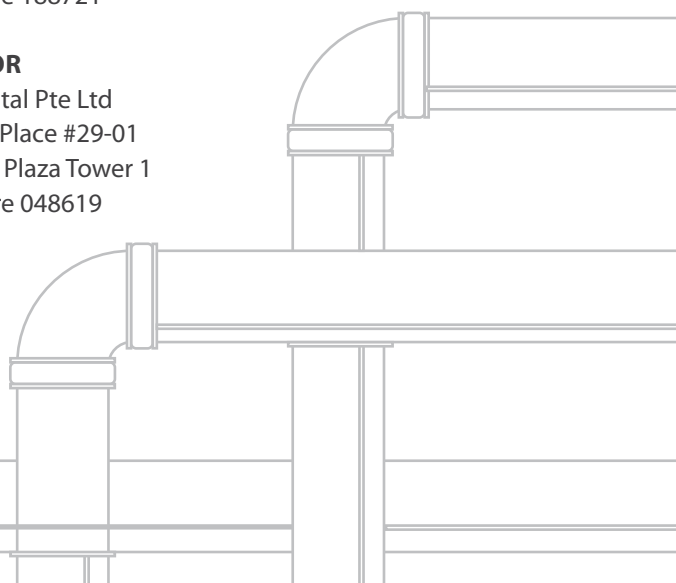
SPONSOR

RHT Capital Pte Ltd

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