ACESIAN PARTNERS LIMITED

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

Independent Auditor's Report

To the Members of Acesian Partners Limited

Report on the Audit of the Financial Statements

Opinions

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 2019, 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 38 to 88.

Disclaimer Opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group

As explained in the paragraph below on *opening balances*, we are not able to form an opinion on the accompanying consolidated statement of comprehensive income and consolidated statement of cash flows of the Group as to whether these statements 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)") so as to give a true and fair view of the consolidated financial performance and consolidated cash flows of the Group for the year ended 31 December 2019.

Opinion on the Consolidated Financial Position of the Group and Financial Position of the Company

In our opinion, the accompany consolidated statement of financial position of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and SFRS(I) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2019.

Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group

Opening balances

In prior financial year ended 31 December 2018, there was a disclaimer audit opinion dated 5 April 2019 expressed on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company relating to certain significant matters which arose from a dispute in 2016 between Acesian Star (S) Pte. Ltd. ("ASPL"), a wholly-owned subsidiary of the Company and its major customer, Takenaka Corporation ("TC"). As described in Note 2, the dispute between the two parties gave rise to claims and counter claims against each other resulting in 2017 (i) ASPL being placed under judicial management, (ii) ASPL filing a notice of arbitration with the Singapore International Arbitration Centre ("SIAC"), and (iii) limitation of scope in auditing the financial statements of ASPL for the financial year ended 31 December 2017 and thereafter as the Judicial Managers are of the view that the audit of the financial statements should be carried out only after they have completed their duties.

The above-mentioned dispute between ASPL and TC continued until 12 December 2019 when ASPL and TC reached a full and final settlement agreement by terminating all claims and counterclaims against each other in the Arbitration, with no orders as to costs. The Tribunal and the Registrar of the SIAC was duly notified with the Tribunal issuing a Final Award by Consent on 23 December 2019, under which all claims and counterclaims in the Arbitration were terminated with no orders as to costs.

In view of the matters described in the *Basis for Disclaimer of Opinion* paragraphs on the financial statements for the financial year ended 31 December 2018, we were unable to determine whether the opening balances of the Group as at 1 January 2019 were fairly presented. Since the opening balances as at 1 January 2019 entered into the determination of the financial performance and cash flows of the Group for the financial year ended 31 December 2019, we were unable to determine whether adjustments might have been found necessary in respect of the consolidated statement of comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2019.

Independent Auditor's Report

To the Members of Acesian Partners Limited

Report on the Audit of the Financial Statements (continued)

Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group (continued)

Opening balances (continued)

Our opinion on the current year's consolidated statement of comprehensive income and consolidated statement of cash flows of the Group is also modified because of the possible effects of the abovementioned matters on the comparability of the current year's figures and the corresponding figures.

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 unmodified opinion on the consolidated financial position of the Group and financial position of the Company.

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 period. 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. Except for the matters described in the *Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group* section of our report, we have determined that there are no other key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, 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. Due to the matters described in the *Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group* section of our report, we were unable to conclude whether or not the other information is materially misstated with respect to these matters.

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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 (continued)

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.

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.

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 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, except for those matters described in the *Basis for Opinion, including Basis for Disclaimer opinion on the Consolidated Financial Performance and Consolidated Cash Flows of the Group* section of our report, 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 other than ASPL, 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
6 April 2020