

ACESIAN PARTNERS LIMITED
(Company Registration Number: 199505699D)
(Incorporated in the Republic of Singapore)

UPDATE IN RELATION TO DEVELOPMENTS OF THE COVID-19 SITUATION

The Board of Directors (the “Board”) of Acesian Partners Limited (the “Company” and together with its subsidiaries, collectively, the “Group”) refers to previous announcements dated 20 March 2020, 26 March 2020 and 13 April 2020 in relation to the directives from Malaysian Government and Singapore Government which require closure of all non-essential businesses nationwide to curb the spread of the COVID-19.

The Board wishes to update shareholders of the Company that the Singapore Government has on 21 April 2020 announced that tighter measures to the Circuit Breaker will be implemented to further reduce the transmission of COVID-10. The tighter measures include, among others, further tightening of the list of companies permitted to operate during the Circuit Breaker period, to reduce the number of on-site workers and minimise movement. The Circuit Breaker period will also be extended by another 4 weeks from 5 May 2020 until 1 June 2020 (“Extended Circuit Breaker”).

Besides, the application by our Malaysian subsidiary to the Ministry of International Trade and Industry (“MITI”) to continue with operations during the MCO period has been approved on 22 April 2020. The approval is conditional and subject to certain restrictions such as reduction of number of working employees and adherence to other relevant safety and precautionary measures. The Malaysian subsidiary is making the necessary preparations to resume its operations.

The table below summarises the MCO and Circuit Breaker and its closure period (“Closure”).

Country	Control measures	Initial Closure period	Extension(s) of Closure period
Malaysia	Movement Control Order (“MCO”)	18 March 2020 to 31 March 2020	1 April to 28 April 2020 (under preparations to resume operations) ⁽¹⁾
Singapore	Circuit Breaker	7 April 2020 to 4 May 2020	5 May 2020 to 1 June 2020 (announced by Singapore Government on 21 April 2020) ⁽²⁾

The physical operations of the Group affected by above-mentioned Closure are as follows:

- 1) The factory of our subsidiary located in Johor has halted its operations during the MCO period since 18 March 2020. The Malaysian subsidiary is in preparation to resume its operations after receiving approval from MITI on 22 April 2020.
- 2) The application for exemption from suspension of workplace activities (Singapore workplace) approved by Ministry of Trade and Industry Singapore (“MTI”). However, business activities are restricted and shall be in adherence to and in compliance with relevant governmental safety measures. Most of our employees in Singapore are working from home.

The Closure has the following impacts:

- 1) Delays in production and goods delivery. As of this announcement, there is no termination of contractual obligations for material contracts.
- 2) Slow-down in order enquiries, order intakes and order deliveries.
- 3) The Closure disrupts supply chain in particular key materials and it is expected key materials inventory buffer is adequate to address the short-term supply chain disruptions.

The Group has undertaken but not limited to following measures:

- Rearrangement of goods delivery with customers affected by the Closure and other operational constraints.
- Production rescheduling and planning to meet rescheduled goods delivery timeline.
- Leveraging on existing stock for fulfilment of certain orders.
- Establish alternative supplies from our business partners.

The Group is assessing the impact of the Closure on its business as well as the COVID-19 situation in general, which will have negative material impact on the Group's half-yearly results in terms of the consolidated earnings per share and net tangible assets for the period ending 30 June 2020.

While the extent of the impact on the temporary closure of the factory cannot be determined at this stage, but as a guidance, the financial impacts on near-term financial results which are based on available information such as preliminary review of the management accounts (unaudited) of the Group for the three months period ended 31 March 2020 and financial assessments and estimates are as follows:

- Significant reduction in revenue. Revenue for the period ended 31 March 2020 as compared to corresponding period of the immediately preceding year has declined by approximately 59%, which partly attributable to COVID-19 situation. Revenue for the month of April and May 2020 is expected to be minimal. The magnitude of the impact on revenue, in particular for the month of May 2020, is depending on, among others, the following situations:
 - o The lifting or relaxation of MCO which expires on 28 Apr 2020 or any further extension of the MCO.
 - o Malaysia-Singapore border restrictions in terms of goods delivery which may have impact on our logistic arrangements for goods delivery from our factory in Malaysia.
 - o The extent of restriction to the business activities of our customers in Singapore and any major project deferments in light of the Closure and other restrictions in particular construction sector.
- Certain fixed costs such as wages and overheads that have to be paid independent of any specific business activities despite the lack of revenue arising from the Closure. The amount, after being partially offset by various support measures from Singapore Government such as Job Support Scheme and waiver of foreign worker levy, is significant and will have material impact on the financial results.
- The Group is expecting longer collection period of accounts receivables. Notwithstanding the longer collection period, there is no indication of any major default of accounts receivables as at this announcement.
- Accordingly, based on the assessment of impacts arising from the revenue reduction and fixed costs obligations, it is expected significant losses for the month of April 2020 and May 2020. As a result, with the resulting of a decrease in net income, cash flow from operating activities is expected to decrease significantly. The Group is taking a prudential approach in managing its cash flow to conserve cash. The Group is exploring financing options to improve its liquidity, such as government-assisted loan with lower financing cost, should need arises.

The aforesaid Closure and any extension thereof for a prolonged period of time, as well as other acute rippling effect of COVID-19, could further and negatively impact the Group's financial performance and cashflow.

Barring any unforeseen circumstances, the expected losses and decrease in cash balances arising from the Closure are not expected to affect the Group's ability to continue as going concern and its ability to fulfil its near-term obligations taking into account the Group's financial position in terms of the net asset value and cash and bank balances available to the Group.

The Group is keeping a close watch on the development of the COVID-19 outbreak and the Company will make appropriate announcement(s) to keep shareholders updated on any material developments.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

BY ORDER OF THE BOARD

Wong Kok Chye
Group Chief Operating Officer
23 April 2020

*This announcement 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 announcement including the correctness of any of the figures used, statements or opinions made.*

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

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