



ACESIAN PARTNERS LIMITED

ANNUAL REPORT 2023

NEW TERRITORY

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The contact person for the Sponsor is Mr. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

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 of environmental solutions and integrated services to diverse industries including the semiconductor, healthcare, electric vehicles battery, wastewater treatment, chemical, pharmaceutical and biotechnological industries. The Company was successfully listed on the SGX Sesdaq (now known as Catalist) in February 2005.



CRITICAL AIRFLOW DESIGN AND SUPPLY

Tapping into the experience of our key global partners, Acesian has established a strong position in the duct manufacturing industry. Our manufacturing capability encompasses Ethylene Tetrafluoroethylene ("ETFE") coated stainless steel ducts, uncoated welded 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 stainless steel ductworks, which is marketed under the brand name of CMT™. 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.

Being FM approved, our ductworks are used for fume and smoke removal without the necessity of internal fire protection sprinklers which are highly corrosion resistant against both flammable and non-flammable corrosive/toxic fumes in exhaust systems. Acesian is always at the cutting edge of new technology to provide the best turnkey solutions that meet the increasing demands and expectations of our clients.

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

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 control application in laboratories and healthcare facilities, clean rooms and also Universities, which require proper directional airflow and safe working environment. 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 and energy use optimisation. 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 valve is now widely used in many laboratories in Singapore.

LETTER TO SHAREHOLDERS



The Group is looking to embark on a business expansion to further seize the opportunities ahead and capitalise on the brisk construction activities in the semiconductor industry.



DEAR SHAREHOLDERS

FY2023 saw a creditable performance from the Group, although the top and bottom lines dropped significantly as compared to the prior year. Nonetheless, it was still an improvement in terms of profitability as compared to FY2021, and we have made a lot of progress in the past few years. This was achieved through improving operational efficiency and cost optimisation with a lean yet effective and efficient organisation structure, with the story beginning in 2018 when the Group first undertook a business transformation. The production teething and legacy problems were tackled with belief, tenacity and determination over the years and we are now on firm footing in relation to production capacity and capability, quality and delivery speed. We are currently focusing on further improving our agility and adaptability to deliver sustainable returns in a fast-changing business landscape and aid in navigating challenges and turbulence. Our business foundation is much more resilient and solid now, as compared to years ago when the Group's businesses were facing a great number of uncertainties.

Increased market trust and recognition (gained through our efforts over the years, and in particular, last year) has allowed us to set our sights on bidding for larger-scale projects as well as gain access to overseas markets. The noteworthy elevated production capability and competency, improved product quality and shortened lead-time have paved the way for our journey towards venturing into overseas markets. Leveraging on the strong relationships with, and significant recognition by, our existing customers and end-customers of prominent chip makers (earned from past successful order deliveries of multiple large projects in Singapore and Malaysia; in particular, in FY2022), we are optimistic about achieving expansion success. Our strong project references are proving helpful in acting as a springboard to accelerate vendor prequalification processes in other countries. All these efforts and improvements will allow us to ride on the wave of opportunities ahead and take advantage of the anticipated market upswing in 2024 and beyond.

The market predicts a nascent recovery for the semiconductor sector, which should experience a revival in 2024 and is expected to grow steadily and remain on an upward trajectory in the next few years. Notwithstanding, we are mindful of the risks ahead, as the global economic and geopolitical landscape remains volatile and complex, and there are relatively high levels of uncertainty and ambiguity. These are partly due to the ongoing geopolitical conflicts and the fragility of the general market as a whole due to the elevated interest rates and cost of capital (which could further increase business costs).

FINANCIAL PERFORMANCE

After FY2022's good results, the Group recorded decent earnings growth in FY2023 (as compared to FY2021) despite a tough business climate. Net profit after tax (before other income in relation to gains from deconsolidation and accounts payables written back, totaling \$4.01 million was lower by 54.8% at \$3.55 million in FY2023, as compared to \$7.86 million in FY2022. This was partly due to sluggishness in the semiconductor industry and a weak macroeconomic environment; by comparison, FY2022 was a remarkable performance and achievement with a record profit. The weak and uncertain macroeconomic environment, muted semiconductor market and geopolitical conflicts in the year 2023 brought about changes in construction timelines by a number of semiconductor players.

The Group's revenue was 58.6% lower at \$15.79 million in FY2023, down from \$38.17 million reported in FY2022. The critical airflow design and supply segment contributed the bulk of the Group's revenue (at 99%). The critical airflow and environment control systems business has gained traction and made a decent contribution to the revenue of the Group. The business of Information and Communications Technology (ICT) remained slow last year. The increase in gross profit margin (from 38.6% in FY2022 to 53.1% in FY2023) was mainly due to the improvement in operational efficiency (among others).

LETTER TO SHAREHOLDERS



Other operating income increased by \$4.50 million (from \$0.29 million in FY2022 to \$4.79 million in FY2023). The increase was mainly due to the gain from deconsolidation of a subsidiary (of \$2.78 million), accounts payables written back (of \$1.22 million) and interest earned from fixed deposits (of \$0.60 million).

Administrative expenses decreased by 25.5% or \$1.27 million (from \$4.98 million in FY2022 to \$3.71 million in FY2023), and this was mainly due to lower staff costs arising from lower provision of employees' performance bonuses, reversal of prior year bonuses provision and reduction of salary costs. Other operating expenses increased slightly by \$0.08 million to \$1.12 million in FY2023.

The Group's financial position continues to be strong, where cash and cash equivalents increased to \$19.24 million (FY2022: \$18.49 million) and shareholders' funds increased to \$22.36 million (FY2022: \$15.62 million). The Group has adopted a prudent approach in relation to its cash management, and in light of the volatile financial market situation, cash of approximately \$16.40 million was placed in fixed deposit, and the amount incurred for share buybacks during the year was \$0.80 million.

BUILDING A SUSTAINABLE BUSINESS AND BUSINESS EXPANSION

The Group is looking to embark on a business expansion to further seize the opportunities ahead and capitalise on the brisk construction activities in the semiconductor industry (predicted by analysts to grow steadily over the years with a recovery afoot). Optimism in the semiconductor industry is surging and billions are being spent by chip makers (with funding from governments in US, Europe and Japan). The major chip makers, as part of their efforts on geopolitical risk diversification and supply-chain disruption mitigation, are taking a strategic and precautionary approach by expanding and building chip plants domestically and in locations of

their comfort. Furthermore, the enormous high-speed data requirements of today's society will spur demand for more efficient and high-end chips; high-power and highly complex devices are driving new semiconductor manufacturing growth, and innovations in chip-making will be essential to keep pace with rapid technological developments. All of the foregoing should result in more chip plants being required. A number of prominent chip makers have projected an upbeat outlook and bullish demand for high-end chips used in artificial intelligence (AI) applications (apart from the rollout of the current 5G and the upcoming 6G networks, autonomous and electric cars, Internet of Things (IoT) and other digital transformations) in the coming few years; they unveiled their new plants and the construction plans are expected to commence in 2024 and beyond.

The Group recognises that overseas market expansion is a long journey and finding a niche in overseas markets is imperative. The scale and timing of the expansion is very much dependant on economic factors, market conditions and risks, capital investment requirements, and regulatory and policy changes which could influence and shape market behaviour (such as customs regulations changes and the corresponding impact on product importation). In addition, the semiconductor market (which has been quite volatile over the past few years due to supply chain challenges) should not be taken lightly. Efforts have been made to promote our products to customers in targeted markets. Overseas market and production capacity expansions are being carefully considered. We will take a pragmatic approach in our expansion strategies and capital investments, and continue keeping a finger on the pulse of customers' demands and expectations, and emerging trends. We will also continue to grow our business through continuous improvements in our manufacturing process, product innovation, and talent development.

EXTENDING APPRECIATION

On behalf of the Board, we would like to thank and commend all our employees for continuing the development of our business tenacity and resilience. We would also like to extend our appreciation to all our stakeholders; in particular, our suppliers and customers (who have played a significant part in our achievements), as well as our shareholders who have trusted us and kept their faith in us all these years.

LOH YIH
Managing Director

BOARD OF DIRECTORS

MR LOH YIH

Executive Director & Managing Director

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 directorship in other listed company such as Ban Leong Technologies 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 listed in HKEX.

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

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 the Chairman of the Audit Committee and Nominating Committee and member of the Remuneration Committee. He is the Founding Director of Dollar Tree Inc Pte Ltd, a business advisory company incorporated in Singapore in 2004. He is also an independent director of Asia Enterprises Holdings Ltd and Ban Leong Technologies Ltd and holds directorships in 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
(Retired as Executive Director on 27 April 2023 and resigned as Group Chief Operating Officer on 31 October 2023)

Mr Wong Kok Chye joined the Group in Year 2000 and was the Group Chief Operating Officer and Executive Director. He has over 20 years of experience in Air-Conditioning and Mechanical Ventilation. His role was to focus on the operation of our critical airflow design and supply businesses.

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

MR HO TA-HUANG

Non-Independent Non-Executive 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 40 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 LOW KA CHOON KEVIN

Independent Non-Executive Director
(Retiring with effect from 25 April 2024)

Mr Low Ka Choon Kevin was appointed on 7 May 2021 as an Independent Director. He is the Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee. Mr Low is the Chief Executive Officer of IPSCOM Pte Ltd ("IPSCOM") which was renamed from International Press Softcom Ltd, a company listed on SGX-Catalist that was privatized and delisted in April 2021 through a restructuring exercise. His key responsibilities in IPSCOM include managing its overall operations, driving profitability, and also strategizing new business directions and investments for the company.

Mr Low graduated with a Bachelor of Laws (Honours) from National University of Singapore in 1991. He was called to the Singapore bar in 1992.



SENIOR MANAGEMENT

MR LAI CHI WAN, SAMUEL

General Manager

Mr Lai Chi Wan, Samuel, was appointed as our General Manager on 6 February 2024. He is responsible for overseeing the overall business direction, sales and operation of the Group. Mr. Lai has more than 27 years of experience in the state-of-the-art semi-conductor and specialty chemical industry. He has proven track records in large scale green field project execution that requires strong engineering and project management leadership.

Mr Lai graduated with a Bachelor of Engineering Degree in Chemical Engineering from Hong Kong University Of Science And Technology in 1996.

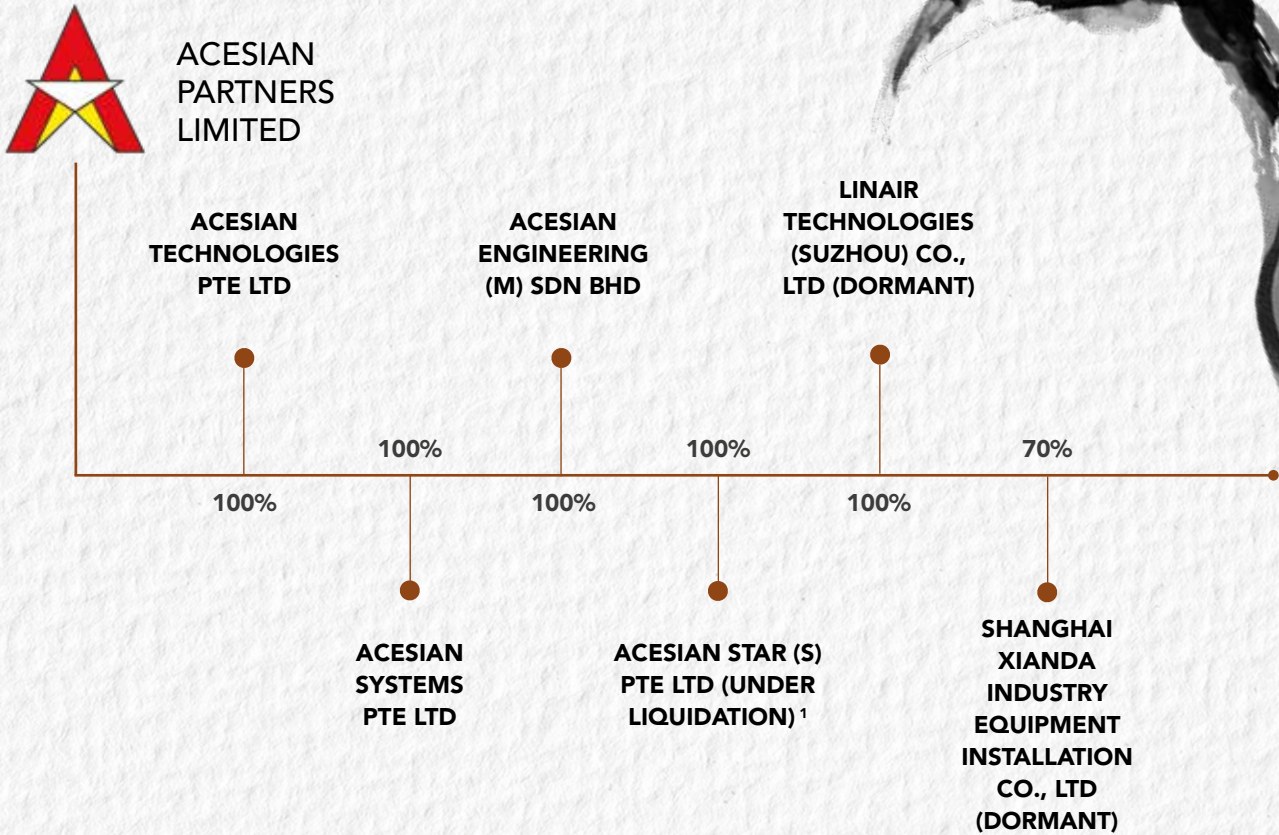
MR CHOO WAI LEONG, IVAN

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 24 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").

CORPORATE STRUCTURE



¹ Acesian Star (S) Pte Ltd is under liquidation by an Order of Court made on 12 October 2020. It is now in the hand of the Official Receiver and is expected to complete the liquidation process soon.

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)
*(Retired as Executive Director on 27 April 2023 and
resigned as Group Chief Operating Officer on 31 October 2023)*

Ho Ta-Huang

(Non-Independent Non-Executive Director)

Low Ka Choon Kevin

(Independent Non-Executive Director)
(Retiring with effect from 25 April 2024)

AUDIT COMMITTEE

Neo Gim Kiong (Chairman)
Low Ka Choon Kevin
Ho Ta-Huang

NOMINATING COMMITTEE

Neo Gim Kiong (Chairman)
Low Ka Choon Kevin
Ho Ta-Huang

REMUNERATION COMMITTEE

Low Ka Choon Kevin (Chairman)
Neo Gim Kiong
Ho Ta-Huang

COMPANY SECRETARY

Lim Heng Chong Benny
Jacqueline Anne Low
(Appointed on 12 April 2023)

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: Tang Hui Lin
(with effect from financial year 2023)

SHARE REGISTRAR

KCK CorpServe Pte. Ltd.
1 Raffles Place #04-63
One Raffles Place (Tower 2)
Singapore 048616

SPONSOR

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

SUSTAINABILITY REPORT



FM APPROVED ETFE COATED STAINLESS STEEL CORROSIVE FUME EXHAUST SYSTEMS

BOARD STATEMENT ON OUR SUSTAINABILITY REPORT (“SR”)

Acesian is committed to sustainability, and with our vision and values in mind, we have made the effort to incorporate key Environmental, Social and Governance (“ESG”) principles into our businesses. Having considered sustainability issues as part of its strategic formulation, the Board has determined the material ESG factors and overseen the management and monitoring of such factors.

We recognise that creating sustainable value for our stakeholders remains at the core of our business and ensures the success and longevity of the same. Apart from achieving business goals based on good fundamentals and conduct, Acesian is striving for performance with integrity and adopting a balanced approach to managing expectations between business growth, meeting the needs of our stakeholders, governance, the environment as well as development and welfare of our people and communities.

Our sustainability strategy involves multi-stakeholder considerations, and we endeavour to monitor and evaluate our ESG efforts and focus on continuous improvement that balances today’s needs with longer term developments and considerations.

We recognise the impact of climate-related risks but also opportunities for businesses. We have in fact taken the initiative last year as part of our effort to improve air quality and water consumption (which are discussed further in this report). We have started gradually adopting the TCFD recommendations. We have also started developing our Scope 1 and Scope 2 greenhouse gas (GHG) emissions plans to, among others, get a better understanding of our baseline emissions and improve over time. This will help us to develop our Scope 3 GHG emissions plan as well as GHG reduction targets for the Group.

We look forward to having our stakeholders’ support as we pursue sustainability practices.

Yours faithfully,
For and on behalf of the Board,

Loh Yih
Managing Director
9 April 2024



SUSTAINABILITY REPORT

REPORTING SCOPE AND LOCATIONS, BOUNDARIES AND PERIOD

For the purpose of this report which covers the financial year 2023 ("FY2023"), we focus primarily on our business operations in Singapore and Malaysia, and on topics that impact business growth and are of utmost importance to our stakeholders. The identified processes relating to sustainability reporting FY2023 were reviewed by outsourced internal auditor Yang Lee & Associates and conducted in accordance with International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. A sustainability report will be published annually in accordance with our SR Policy and uploaded on SGXNet and the Company's website.

DEFINING OUR MATERIALITY ISSUES AND ASSESSMENT APPROACH

We performed a materiality analysis to identify challenges and topics that are important to our stakeholders and which are relevant to our businesses today; this analysis took into consideration the following:

- Influence of stakeholder on the Group, and;
- Interest in sustainability topics / dependence on the Group

Approach to Materiality Assessment

Identification

The material ESG topics and stakeholders were identified by the Reporting Team with consideration of relevant risks and opportunities.

Prioritisation

The material ESG topics were then selected through prioritisation based on the level of impact and influence on stakeholders.

Reporting & Validation

The selected material topics were then reported by the Sustainability Reporting Team to and endorsed by the Board.

Material Topics

We focused our sustainability efforts and reporting on these topics. These issues were further deliberated on and narrowed down through our routine engagement with stakeholders. The senior management then reviewed the list of topics, and identified and prioritised the material

topics based on importance to our stakeholders and the sustainability impact to our businesses. We have identified 7 ESG topics to be material to our business and have outlined how we managed each topic in relevant sections of this report (as shown in the below table).

ENVIRONMENTAL, HEALTH AND SAFETY	<ol style="list-style-type: none"> Climate Change <ul style="list-style-type: none"> - Energy and Emissions - Water Management Health and Safety
SOCIAL	<ol style="list-style-type: none"> Training and Development Diversity and Equal Opportunities Employee Retention
ECONOMIC AND GOVERNANCE	<ol style="list-style-type: none"> Economic Performance and Contribution to Society Legal Compliance and Corporate Governance

SUSTAINABILITY REPORT

Risk Management Policies and Processes

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. 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.

SUSTAINABILITY REPORTING FRAMEWORK AND GOVERNANCE STRUCTURE

Sustainability Framework

The Global Reporting Initiative ("GRI") Standards 2021 was selected for our sustainability reporting framework, as it is a globally recognised and generally accepted standard for sustainability reporting. It covers the GRI principles for defining report content (including sustainability context, materiality and stakeholder inclusiveness), and also complies with the Singapore Stock Exchange (the "SGX-ST") "Comply or Explain" requirements for sustainability reporting.

In addition, we have disclosed our first TCFD (Task Force on Climate-related Financial Disclosures) Report to identify and manage climate risks and opportunities. We embarked on developing GHG emissions (Scope 1 and Scope 2) plans in FY2023 to establish the appropriate metrics, baseline emissions and targets for our climate reporting

in FY2024. As the Company falls under the classification of Materials and Buildings, it is required to perform the climate reporting on a mandatory basis from the financial year commencing 1 January 2024. The Company intends to prepare the full climate reporting commencing 1 January 2024 in accordance with the TCFD recommendations. All Directors (save for Mr Ho) have attended the sustainability training as prescribed by the SGX-ST. The Company is arranging for an online sustainability training for Mr Ho in due course as he has not been able to travel to Singapore due to personal reason.

Unless otherwise stated, the report covers the ESG performance of Acesian's main activities in Singapore and Malaysia.

Governance Structure

Board of Directors

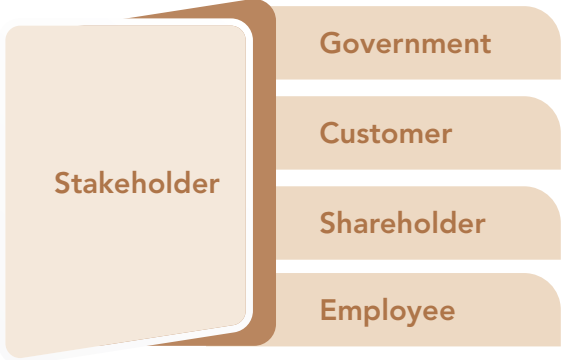
- The Board of Directors has overall responsibility in determining the direction of the Group's sustainability strategy.
- The Audit Committee (under the stewardship of the Board) maintains oversight over the processes by which material ESG issues are managed and monitored.
- The Board is apprised of sustainability developments and activities periodically by the Reporting Team.

Sustainability Reporting Team

- We adopted a lean organisation structure, where the Sustainability Reporting Team (which the Managing Director of the Company) forms the core of our sustainability structure, consists of senior management and representatives from various business functions and departments in Singapore and Malaysia.
- The Team is responsible for developing sustainability objectives and strategies, identifying key sustainability areas, setting targets, driving the execution, reporting and implementation of our sustainability strategy and initiatives as well as overseeing the monitoring of performance measurements.

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT




Our Value

We value input from all our stakeholders and use a variety of channels to engage with them. We assess and identify stakeholders as groups that have an impact on, or have the potential to be impacted by, our business. Their key concerns and expectations are set out in the table below.

Key stakeholder	How we engage with them	Key topics	Our response
GOVERNMENT AND REGULATORS 	<ul style="list-style-type: none"> • SGX Half-Yearly Announcements • Annual Reports • Sustainability Reporting • Ongoing dialogues 	<ul style="list-style-type: none"> • Employment practices • Workplace safety and health • Regulatory compliance • Environmental compliance 	<p>We keep ourselves abreast of the prevailing rules and legislation through regular trainings, public seminars, and consultations with external professionals.</p>
CUSTOMERS 	<ul style="list-style-type: none"> • Direct engagement, ongoing dialogues and feedback 	<ul style="list-style-type: none"> • Offer premium products / services at competitive pricing • Safe and reliable products • Project timeliness • Customer health and safety 	<p>Our customer engagement includes, among others, a key account / dedicated sales personnel, constant interaction and dialogues, following up on customer feedback.</p>
EMPLOYEES 	<ul style="list-style-type: none"> • Management committee • Open annual performance appraisal system • Training and education opportunities 	<ul style="list-style-type: none"> • Competitive remuneration and benefits • Career development and trainings • Ethics and conduct • Job security 	<p>We adopt open and transparent communication with our employees through various channels such as Group policies, formal appraisals, informal social gatherings, regular business meetings and chat groups.</p>
INVESTORS AND SHAREHOLDERS 	<ul style="list-style-type: none"> • Annual Reports • SGX Half-Yearly Announcements • SGX announcements as required by the Catalyst Rules • AGM / EGM 	<ul style="list-style-type: none"> • Financial performance • Corporate governance • Business and growth strategies • Corporate actions undertaken by the Company 	<p>We are committed to embracing and adhering to relevant industry regulations, practices and guidelines such as the Singapore Code of Corporate Governance 2018 and the Catalyst Rules, to ensure transparency and timely dissemination of all material information to our investors and shareholders.</p>

SUSTAINABILITY REPORT

Key stakeholder	How we engage with them	Key topics	Our response
SUPPLIERS 	<ul style="list-style-type: none"> Direct engagement, ongoing dialogues and feedback from key suppliers 	<ul style="list-style-type: none"> Product quality assurance Delivery timeliness 	Our supplier engagement includes, among others, quality control processes and constant interaction on issues such as prices, quality, delivery, and supply availability.

ECONOMIC

Economic Performance and Contribution to Society

The awareness of stakeholders’ presence is essential, as it is a precondition for taking their interests and rights into account. We will continue to strengthen the financial health of the Group through sustainable growth, building partnerships with our stakeholders and a balanced approach to risk management. Furthermore, we strive to contribute and make a positive difference to the welfare of our people and society through our economic presence. In addition, a strong financial position bolsters not only investor but also customer and supplier confidence.

The Group’s revenue decreased 58.6% year-on-year to \$15.79 million and the PATMI decreased 56.3% year-on-year to \$3.45 million (excluding exceptional non-recurring other income of \$4.01 million) in FY2023, however, it is an improvement compared to PATMI of \$1.87 million in FY2021. With its strong financial performance, the Group continued to contribute positively to local economies and improve the welfare of employees through performance incentives and other staff benefits. For more details on the Group’s financial performance (including the business expansion and building a sustainable business), please refer to the “Letter to Shareholders” by the Managing Director.



Target FY2024 (short-, medium- and long-term):

To drive growth and profitability

Note: All targets for medium-term is 3 years and long-term is 5 years unless otherwise stated.

Year (S\$ '000)	FY2023	FY2022
Revenue	15,789	38,169
Profit attributable to shareholders (PATMI) (*excluding exceptional non-recurring other income of S\$4.01 million)	3,453*	7,910
Year (S\$ '000)	FY2023	FY2022
Net Tangible Assets per Share (cents)	4.66	3.17
Cash and cash equivalents	19,238	18,493

ENVIRONMENT

Health and Safety

Health and safety are fundamental and their significance has increased given the COVID-19 situation. We are committed to striving towards zero harm, carrying out our business activities in a sustainable manner and adopting the best practices. We work hard to ensure product quality and safety, aiming to meet or exceed industry standards and win the trust of our customers. In FY2023, there were two incidences of serious accidents due to improper handling of raw materials and waste, and preventive and corrective actions (including safety awareness and SOP enforcement) were taken.



Target FY2024 (short- and long-term):

To achieve zero serious accidents

Year	Lost days rate	
2023	Actual	0.11%
	Target	0%

SUSTAINABILITY REPORT

Our newly-expanded manufacturing facility was constructed with quality, health and safety in mind, and was completed in early 2018. It has not only increased our production capacity three-fold, but also brought about significant improvements in quality, efficiency and productivity.

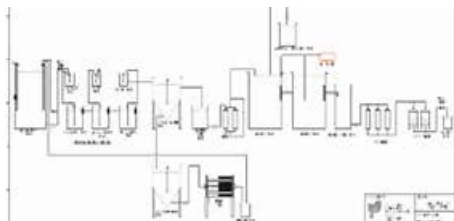
Quality is a never-ending journey, and we have been constantly innovating and improving our production processes through technological means. We invested in cost-effective technological solutions and modernised our production facilities by acquiring a new laser cutting machine, robotics and automated welding machines, in order to drive business value, utilise safer machines for safer workplaces as well as minimise wastage.



Environmental

The effects of human-caused global warming are happening now and have great implications for businesses and society. For Acesian, we play our part to manage our business processes (in particular, our factory) in a responsible and efficient manner, be mindful of our use of resources, and manage key climate risks and opportunities; notwithstanding our limited flexibility to adapt to the risk of climate change.

We have already embarked on addressing some of the environmental issues since last year, although this is the first time that we disclosed our TCFD Report to identify and manage the climate risks and opportunities. Our first-year disclosure focuses on key climate-related risks (physical and transition) and opportunities that are relevant and in relation to our core business segment (critical airflow design and supply), as it involves manufacturing activities and has a more direct influence on environmental aspects (as shown in the table on the right).



Water treatment and recycling drawing

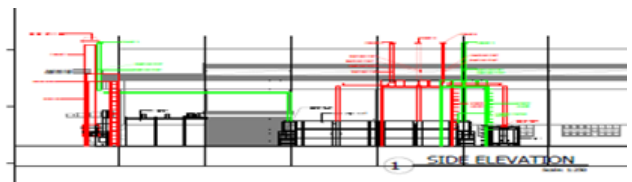


Laser Machine

SUSTAINABILITY REPORT

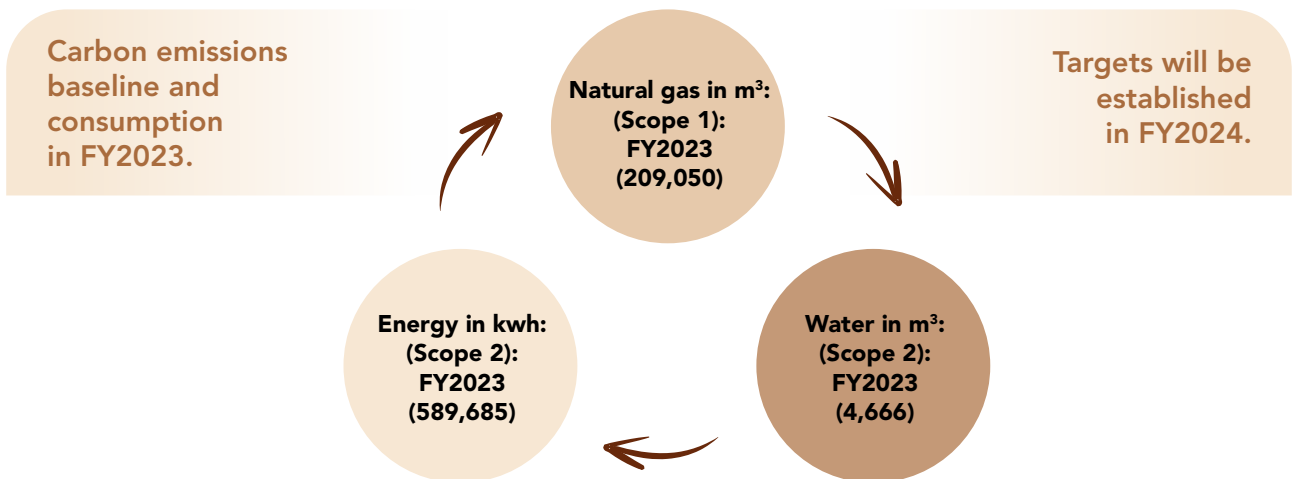
The Group undertook a project in year 2022 to further modernise our plant to achieve ESG goals such as mitigating air pollutants, optimising energy use and water consumption, and strengthening of waste storage and disposal management (among others). A professional consultant was engaged to conduct a study on air pollution control, treatment of effluent and recycling of wastewater. The installation of the air pollution control systems had been completed in year 2023 and the building of new dedicated waste storage space is close to completion. The construction planning of wastewater treatment with recycling capabilities and waste storage systems is underway. The wastewater treatment system will help to manage and reduce the potential harm of effluent on ecosystems by treating the wastewater to remove contaminants and impurities, so that it can be safely reused for a variety of purposes and reduce the environmental

impact of wastewater. Those improvements are expected to conserve water resources and reduce resource consumption; this is particularly significant as we are fully aware that most of the damage to our environment stems from consumption. All in all, these initiatives are meaningful and socially responsible steps to protect the environment, safeguard the Group’s long-term success, modernise the workplace, and improve the well-being of our employees as well as the health of the community at large.



Identified Climate-Related Risks and Opportunities

Risk Type / Potential Impact	Impacts	Our Response and Opportunities
<p>Physical risks</p> <ul style="list-style-type: none"> Growing frequency and/or severity of extreme weather (such as floods) 	<ul style="list-style-type: none"> Disruption to supply and production facilities Damage to property and resources Disruption / restrictions to power and water usage Higher business costs (such as materials costs) 	<ul style="list-style-type: none"> Continuous improvement and innovation on our production processes through R&D and technological means to promote resource optimisation and reduce operating expenses in the long term. We have invested in some ESG-related projects, such as installation of air pollution control systems and wastewater treatment and storage systems (a closed-loop water cycle system), which are currently under construction. These will help to reduce environmental impact by mitigating air pollutants and reducing resources consumption (among others).
<p>Transition risks</p> <ul style="list-style-type: none"> Regulation and litigation 	<ul style="list-style-type: none"> Regulators could impose additional, or tighten, requirements/obligations associated with utilities (such as energy and water), GHG emissions, etc 	



SUSTAINABILITY REPORT

SOCIAL

Our People

Our employees are our greatest asset and we strive to improve our employees' productivity and level of competency through continuous training and collaborative teams. We are committed to creating and maintaining a conducive environment in which all employees are treated with respect and differences are highly valued. Our Group advocates a policy of fair employment opportunities and provides competitive remuneration packages. We cultivate a sense of ownership from, and empowerment of, our employees, and adopt an open and transparent performance appraisal exercise as well as provide platforms and opportunities for career development.

As stated by the Group's Managing Director during an interview which was published in the South China Morning Post newspaper: "I develop and harvest our people's potential and strengths and help them embrace change to improve. When people grow, the company grows. With the right attitude, the business can achieve reasonable profits while adapting to exploit market opportunities."



Employees are the lifeblood of our company and collectively will dictate the future trajectory of our business. With this in mind, we endeavour to provide them with a conducive work environment to ensure they use their work hours in a productive and effective manner, and have implemented various flexible work arrangements.

Apart from the performance incentive scheme, as a demonstration to our staff of the trust in them to help move the Group's business forward and in recognition of their hard work and sustained commitment, various social activities and initiatives were organised by the Workplace, Health and Environment Committee (WHEC) (in consultation with the employees and with the support of senior management). These activities and initiatives included, among others, a fitness and gym corner being set up in the office premises, and the organisation of various outdoor activities (such as hiking and cycling) to help staff feel motivated, encouraged and strong. Health check-ups are organised annually to ensure employees stay healthy. In addition, the management offered mid-term bonuses to support employees and help them deal with inflationary pressures.

Employee Retention

Our recruitment policy is based on meritocracy, with prerequisite skills and academic qualifications matched to job scope and requirements. It is geared toward attracting and retaining suitable talents to support our business growth. We reward good work performance by offering competitive remuneration packages (based on performance, expected roles and responsibilities). An open annual performance appraisal system to link performance with remuneration has been adopted. The actual retention rate for FY2023 (of 70%) unfortunately did not meet the target rate (of 81%) due to various reasons, such as career advancement and better job opportunities (among others). The Group's expansion plans and strategies include talent development (with the objective to uplift innovations, such as in relation to manufacturing processes and product innovation) as well as improving staff retention rate in order to mitigate attrition costs and improve profitability.



Target FY2024 (short-, medium- and long-term):

To achieve a retention rate of employees of 80% (3-year 82%, 5-year 85%)

Year	Retention rate	
2023	Actual	70%
	Target	81%

SUSTAINABILITY REPORT

Diversity and Equality

We value diversity and are cognisant of the benefits of diversity, including diversity of skills, experience, gender, ethnicity and other relevant factors. We reward our employees based on merit, in the context of their skills, experience, knowledge and performance.



Target FY2024 (short-, medium- and long-term):

To maintain gender ratio of FY2023 (Female 24% and Male 76%)

To achieve zero cases of discrimination or violations of human rights.

Year	Gender ♀♂	Critical Airflow Design and Supply	Corporate	Group
2023	Female	20%	67%	24%
	Male	80%	33%	76%
2022	Female	21%	57%	24%
	Male	79%	43%	76%

In 2023, female employees represented 24% of our full-time headcount at group level and 67% at our corporate office. Due to the nature of our business, we have more male employees than female employees at the operational level.

Training and Development

The Group strives to improve and develop our employees, and invests to upgrade our staff's skills capability, as well as increase work productivity and interpersonal competencies. This is crucial for building and updating the skills needed to support and grow our business operations. We regularly send staff for seminars and training to keep them abreast of the latest developments in knowledge, work skills and technology. In FY2023, we conducted an average of 11.8 training hours per FTE and exceeded the target of 10.0 training hours.



Target FY2024 (short-, medium- and long-term):

To maintain an average of 10 training hours per FTE

Average hours of training per year per employee					
Year	Total employees ^	No. of days	No. of training hours *	Average no. of training hours per FTE ^	Target
2023	72	121	850	11.8	10.0
2022	71	36	171	2.4	10.0

* Assuming 8 training hours per day.

^ The headcount (excluding production workers) represents the full-time employees ("FTE") of the Group as at 31 December 2023.

SUSTAINABILITY REPORT

LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

We believe in creating long-term value for our stakeholders through commitment to high standards of corporate governance. Compliance with legislation and standards (including corporate governance, environmental, health and safety, product quality and safety, and social responsibility) is an extremely important issue to our stakeholders. The Group is committed to ensuring legal compliance in all areas of our business and upholding high standards of ethical business conduct.

For more details on our corporate governance practices, please refer to our 'Corporate Governance Report' section in this Annual Report 2023.

Code of Ethics and Principles of Business Integrity

We believe that our reputation for integrity is the cornerstone of the public's faith and trust in us. We seek to conduct our business in an ethical manner and in accordance with legal standards and best practices. Accordingly, the management is constantly reminding employees to abide by our code of ethics in all business dealings through various means such as meetings, group chats and sharing of articles and news.

Anti-Corruption

The Group maintains a zero-tolerance policy towards bribery, corruption or other malpractices, with such policy covering employees, business partners and other stakeholders. In FY2023, the Group has not received any report of incidence of corruption or bribery.



**Target FY2024
(short-, medium- and long-term):**

To maintain zero tolerance against corruption

Compliance with Laws and Regulations

Our Group's continuing policy and commitment is that our business be conducted in accordance with all relevant laws, regulations and industry standards. Our management team takes the necessary efforts to ensure that they are aware of and take steps to comply with legal and regulatory requirements. In FY2023, there was no incidence of non-compliance with relevant laws and regulations.



**Target FY2024
(short-, medium- and long-term):**

To achieve full compliance with laws and regulations

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure	Issues of Concern
Organisation Profile		
102-1	Name of the organisation	Acesian Partners Limited
102-2	Activities, brands, products, and services	Annual Report ("AR") page 1
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore and Malaysia
102-5	Ownership and legal form	Public Listed Company (Limited by Share Capital)
102-6	Markets served	Singapore, Malaysia and Europe
102-7	Scale of the organisation	AR, Corporate Profile (page 1) AR, Financial Review (page 2-3) AR, Twenty Largest Shareholders (page 98) Sustainability Report
102-8	Information on employees and other workers	AR, Board of directors and senior management (page 4-5)
102-9	Supply chain	Not applicable. During the reporting period, the Company assessed supply chain management as non-material (or it does not have influence) with respect to the operations.
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary Principle or approach	Not applicable
102-12	External initiatives	None
102-13	Membership of associations	Not applicable
Strategy		
102-14	Statement from senior decision-maker	AR, Letter to Shareholders (page 2-3)
102-15	Key impacts, risks, and opportunities	AR, Letter to Shareholders (page 2-3)
Ethics and Integrity		
102-16	Value, principles, standards, and norms of behaviour	AR, Report of Corporate Governance (page 21-44)
Governance		
102-18	Governance structure of the organization	AR, Report of Corporate Governance (page 21-44)

SUSTAINABILITY REPORT

GRI Standards	Disclosure	Issues of Concern
Stakeholder Engagement		
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement
102-41	Collective bargaining agreements	Not applicable. No employee was covered under any collective bargaining agreement.
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement
102-44	Key topics and concerns raised	Sustainability Report > Stakeholder Engagement
Reporting Practice		
102-45	Entities included in the consolidated financial statements	AR, Corporate Structure (page 5)
102-46	Defining report content and topic Boundaries	Sustainability Report > Reporting Locations, Boundaries and Period
102-47	List of material topics	Sustainability Report > Stakeholder Engagement
102-48	Restatements of information	Not applicable.
102-49	Changes in reporting	Not applicable.
102-50	Reporting period	Sustainability Report > Reporting Locations, Boundaries and Period
102-51	Date of most recent report	FY2022
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	AR, Corporate Information (page 6)
102-54	Claims of reporting in accordance with the GRI Standards and GRI content Index	This report has been prepared in accordance with the GRI Standards 2021
102-55	GRI content index	Sustainability Report > GRI Content Index
102-56	External assurance	None



SUSTAINABILITY REPORT

TCFD CONTENT AND CHECKLIST

TCFD Pillar/ Recommendation	Disclosure	Reference
Governance		
a) Describe the board's oversight of climate-related risks and opportunities	<p>Acesian's governance framework is to drive and govern the sustainability function to ensure that core material issues are addressed to manage our priorities to safeguard long-term interests and create sustainable value for our stakeholders and ensure success and longevity of our business.</p> <p>The Board of Directors has overall responsibility in determining the direction of the Group's sustainability strategy. The Audit Committee under the stewardship of the Board maintains oversight over the processes by which material ESG issues managed and monitored.</p> <p>Acesian adopted a lean organisation structure, where the Sustainability Reporting Team, which is chaired by the Managing Director of the Company, forms the core of our sustainability structure, consisting of senior management and representatives from various business functions and departments in Singapore and Malaysia. The Team is responsible for developing sustainability objectives and strategy, identifies key sustainability areas, setting targets, driving the execution, reporting and implementation of our sustainability strategy and initiatives as well as overseeing the monitoring of performance measurements. The Board is apprised of sustainability development and activities periodically by the Reporting Team.</p>	Sustainability Governance Structure and Objectives
b) Describe management's role in assessing and managing climate-related risks and opportunities		
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Acesian has identified and described the key climate risks and opportunities in relation to our business segments and its associated impacts in particular our manufacturing unit.	Identified Climate-Related Risks and Opportunities FY2023
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning		
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Acesian endeavours to conduct assessment and scenario analysis in the subsequent reports.	

SUSTAINABILITY REPORT

TRI Pillar/ Recommendation	Disclosure	Reference
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	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. 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.	Corporate Governance: Risk Management
b) Describe the organisation's processes for managing climate-related risks		
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Acesian plans to integrate the climate-related risks into its Enterprise Risk Management framework and process.	
Metrics and Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Acesian embarked on developing GHG emissions (Scope 1 and Scope 2) in FY2023 to establish the appropriate metrics, baseline emissions and targets for our climate reporting in FY2024. Acesian intends to develop Scope 3 inventory in the coming years.	
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks		
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		

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 2023 (“**FY2023**”). 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.

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

CORPORATE GOVERNANCE

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
No. of meetings held in FY2023	4	4	1	1
Directors	Number of meetings attended in FY2023			
Neo Gim Kiong	4	4	1	1
Loh Yih	4	4 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
Low Ka Choon Kevin ⁽²⁾	4	4	1	1
Ho Ta-Huang	1	1	0	0
Wong Kok Chye ⁽³⁾	2	2 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
Qiu Jun ⁽⁴⁾	0	0	0	0

Notes:

- ⁽¹⁾ Attendance by invitation.
- ⁽²⁾ Mr. Low Ka Choon Kevin will retire and will not be seeking re-election as a Director of the Company at the forthcoming Annual General Meeting. Accordingly, Mr. Low Ka Choon Kevin will step down as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee of the Company upon the conclusion of the AGM.
- ⁽³⁾ Mr. Wong Kok Chye retired as Executive Director and did not seek re-election at the Annual General Meeting of the Company held on 27 April 2023 and subsequently resigned as Group Chief Operating Officer of the Company on 31 October 2023.
- ⁽⁴⁾ Mr. Qiu Jun resigned as Executive Director and Business Development Director (China) of the Company on 27 March 2023.

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 four (4) Directors as follows:

Neo Gim Kiong	Non-Executive Chairman and Lead Independent Non-Executive Director
Loh Yih	Executive Director and Managing Director
Low Ka Choon Kevin*	Independent Non-Executive Director
Ho Ta-Huang	Non-Independent Non-Executive Director

* Mr. Low Ka Choon Kevin will retire by rotation under Regulation 89 of the Company's Constitution, and will not be seeking re-election as a Director of the Company at the forthcoming Annual General Meeting. Accordingly, Mr. Low Ka Choon Kevin will step down as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee of the Company upon the conclusion of the AGM.

The Company endeavours to maintain a strong and independent element on the Board. At present, two (2) of the Company's Directors, including the Chairman, are Independent Non-Executive Directors, constituting half of the Board. These Independent Directors, together with a Non-Executive and Non-Independent Director, make up a majority of the Board, which complies with Provision 2.3 of the Code. As such, there is currently a strong and independent element on the Board. Following the retirement of Mr. Low Ka Choon Kevin, who is not standing for re-election, Non-Executive Directors will continue to make up a majority of the Board. The Company noted the requirement under Rule 406(3)(c), *inter alia*, that the Board must have at least two non-executive directors who are independent and free of any material business or financial connection with the Company. The Company intends to appoint a new Independent Director to replace Mr. Low Ka Choon Kevin, and will endeavour to fill the vacancy within 2 months but in any case not later than 3 months from Mr. Low Ka Choon Kevin's retirement.

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.

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 judgment, 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 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

As of the date of this report, both Independent Directors, Mr. Neo Gim Kiong and Mr. Low Ka Choon Kevin, have not served on the Board beyond 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. The Board has in place a Board Diversity Policy, the objectives of which 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, geographical background, nationalities and other diverse qualities of the Board members. The Board evaluated its diversity and is of the view that the current composition of the Board, including its diversity, is appropriate and serves the requirements of the Group's businesses. In the evaluation of the composition and diversity of the Board and making recommendations to the Board for the appointment of its members, the Nominating Committee considered 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.

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 4 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 obligations in relation to disclosure of interests in securities and conflict of interests.

CORPORATE GOVERNANCE

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 1967 ("Companies Act") and the Catalyst 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 corporate development activities and expansion of the Group's businesses. The Company currently does not have a Chief Executive Officer. Following the resignation of Mr. Wong Kok Chye as Group Chief Operating Officer, General Manager, Mr. Lai Chi Wan, is appointed whose role is to oversee the overall business direction, sales and operation of the Group.

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.

The Board is of the view that the separation of the roles of Non-Executive Chairman and Managing Director ensures an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making. The Non-Executive Chairman and the Managing Director 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 for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. Led by the Lead Independent Director, the Independent Directors will also meet periodically without the presence of the other Directors, for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary, 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.

CORPORATE GOVERNANCE

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. As of the date of this report, the Nominating Committee comprises Mr. Neo Gim Kiong (Chairman of the Nominating Committee), Mr. Low Ka Choon Kevin, and Mr. Ho Ta-Huang, the majority of whom, including the Chairman, are independent (which is in compliance with Provision 4.2 of the Code). As stated above, Mr. Low Ka Choon Kevin will step down as a member of the Nominating Committee following the conclusion of the forthcoming AGM of the Company. The Company noted the requirement under Provision 4.2 of the Code which requires, *inter alia*, that the Nominating Committee comprises at least three (3) directors, the majority of whom are independent. The Company will endeavour to fill the vacancy within 2 months but in any case not later than 3 months from Mr. Low Ka Choon Kevin's cessation.

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.

In reviewing succession plans, the Nominating Committee has in mind the Company's strategic priorities and the factors affecting its long-term success. In relation to Directors, the Nominating Committee aims to maintain an optimal Board composition by considering the trends affecting the Group, reviewing the skills needed, and identifying gaps which includes considering whether there is an appropriate level of diversity of thought. In relation to key management personnel, the Nominating Committee takes a keen interest in how key talent is managed within the organization, including the mechanisms for identifying strong candidates and developing them to take on senior positions in the future.

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, 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 Singapore Institute of Directors 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. A stringent due diligence process will be performed on every potential candidate which will include, among others, whether a candidate has fully discharged his/her duties and obligations during his/her previous directorship of an SGX-listed company, whether the candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the candidate's involvement therein.

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 FY2023.

All Directors are subject to the provisions of Regulation 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 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.

CORPORATE GOVERNANCE

At the forthcoming AGM, Mr. Neo Gim Kiong and Mr. Low Ka Choon Kevin are due for retirement by rotation under Regulation 89 of the Company's Constitution. Mr. Neo Gim Kiong had submitted himself for re-nomination and re-election. The Nominating Committee has reviewed and recommended to the Board that Mr. Neo Gim Kiong be nominated for re-election at the forthcoming AGM of the Company. Mr. Neo Gim Kiong will, upon re-election as a Director, remain as Non-Executive Chairman and Lead Independent Non-Executive Director of the Company. Mr. Low Ka Choon Kevin will not be seeking re-election as a Director of the Company at the forthcoming AGM. Accordingly, Mr. Low Ka Choon Kevin will step down as a member of the Board as well as the Board Committees of the Company, including as a member of the Nominating Committee, following the conclusion of the AGM. The current directorships and other principal commitments of Mr. Neo Gim Kiong is found in the table below.

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 4 of this Annual Report and as follows:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Current	Past 3 Years	Other Principal Commitments
Loh Yih	30 September 2013	27 April 2022	Ban Leong Technologies Limited	International Press Softcom Limited	Nil
Neo Gim Kiong	2 August 2018	27 April 2022	Ban Leong Technologies Limited Asia Enterprises Holding Limited	Sen Yue Holdings Limited International Press Softcom Limited	Nil
Low Ka Choon Kevin	7 May 2021	27 April 2022	Nil	International Press Softcom Limited Sen Yue Holdings Limited	Chief Executive Officer of IPSCOM Pte Ltd
Ho Ta-Huang	7 December 2001	27 April 2023	Nil	Nil	Chairman of Chern Dar Enterprise Co., Ltd

There are no alternate directors appointed in the Company.

CORPORATE GOVERNANCE

Additional information relating to the Director who is retiring and being eligible, is offering himself for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Catalist Rule, is as follows:

Details	Director
	Neo Gim Kiong
Date of initial appointment	2 August 2018
Date of last re-election	27 April 2022
Age	54
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors has accepted the Nominating Committee's recommendation, who has reviewed and considered Mr. Neo's performance and contribution as Non-Executive Chairman and Lead Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Lead Independent Non-Executive Director, Chairman of Audit and Nominating Committee and member of Remuneration Committee
Professional qualifications	Bachelor of Science Mathematics
Working experience and occupation(s) during the past 10 years	2004 to Present Founding Director of Bizmen Corporation Pte Ltd and Dollar Tree Inc Pte Ltd 2015 to 2022 Chief Executive Officer of Sen Yue Holdings Ltd (listed in SGX)
Shareholding interest in the listed issuer and its subsidiaries	NIL
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
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE

Details	Director
	Neo Gim Kiong
Other Principal Commitments including Directorships	
Past (for the last 5 years)	International Press Softcom Limited Astaka Holdings Limited Sen Yue Holdings Limited and its subsidiaries
Present	Ban Leong Technologies Limited Dollar Tree Inc Pte Ltd Bizmen Corporation Pte Ltd AV Labs International Pte Ltd Asia Enterprises Holding Limited
Information required pursuant to Catalyst Rule 704(6)	
(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
(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 ⁽¹⁾⁽²⁾
(c) Whether there is any unsatisfied judgment against him?	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

CORPORATE GOVERNANCE

Details	Director
	Neo Gim Kiong
(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
(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
(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
(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
(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
(j) 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	Yes ⁽³⁾

CORPORATE GOVERNANCE

Details	Director
	Neo Gim Kiong
(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
(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	No
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(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?	Yes ⁽⁴⁾

⁽¹⁾ Sen Yue Holdings Ltd (“**SYH**”) was under judicial management, granted by the Court on 10 May 2021. Mr. Neo Gim Kiong was the executive director of SYH.

⁽²⁾ 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.

⁽³⁾ Mr. Neo Gim Kiong was a director of SYH from April 2015 to April 2021. Upon his resignation as a director, he remained as the Chief Executive Officer of SYH. He had lodged a police report on behalf of SYH in relation to certain findings by the internal auditor about the Chairman of SYH. A Commercial Affairs Department (“**CAD**”) investigation was commenced on 27 January 2021 against the Chairman of SYH, and SYH was ordered to produce certain documents and information in relation to offences under the Penal Code 1871 and the Securities and Futures Act 2001. SYH has announced that CAD will not pursue the investigation further (please refer to the announcement by SYH dated 27 March 2024). Regulatory bodies are conducting their own investigation into the affairs of SYH, and Mr. Neo Gim Kiong had assisted in the same.

⁽⁴⁾ Around 2013, Mr Neo was investigated by CAD regarding his involvement in the non-compliance of Section 162 of the Companies Act in relation to the grant of staff loan to a director of a subsidiary of a Singapore listed company around October 2009 without prior shareholder approval of that subsidiary. Mr Neo was the Chief Executive Officer of the listed company at the relevant time. The staff loan was a sum of S\$50,000, which was granted to that subsidiary’s director to pay for the medical expense of his mother, was granted with the joint approval of the Chairman of the board of the listed company in accordance with the authority approval matrix of the listed company, and the Group Financial Controller/ Company Secretary was also involved in handling the procedures relating to the loan. The staff loan was repaid in full by the relevant director in May 2010. Mr Neo was issued a letter of warning by CAD in January 2014 in relation to the same. No charges were filed.

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.

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.

As of the date of this report, the Remuneration Committee comprises Mr. Low Ka Choon Kevin (Chairman of the Remuneration Committee), Mr. Neo Gim Kiong and Mr. Ho Ta-Huang, the majority of whom, including the Chairman, are independent (which is in compliance with Provision 6.2 of the Code). As stated above, Mr. Low Ka Choon Kevin will step down as Chairman of the Remuneration Committee following the conclusion of the forthcoming AGM of the Company. The Company notes the requirement under Provision 6.2 of the Code which requires, *inter alia*, that the Remuneration Committee comprises at least three (3) directors and that all members of the Remuneration Committee are non-executive directors, the majority of whom, including the RC Chairman, are independent. The Company will endeavour to fill the vacancy within 2 months but in any case not later than 3 months from Mr. Low Ka Choon Kevin's cessation.

CORPORATE GOVERNANCE

The Remuneration Committee meets 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 executives 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 FY2023.

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.

CORPORATE GOVERNANCE

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 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 has a performance bonus share plan known as the Acesian Performance Bonus Share Plan 2022 ("PSP 2022"), approved and adopted by shareholders at the Company's AGM held on 27 April 2022 and renewed by shareholders at its AGM held on 27 April 2023. Details of the PSP 2022 can be found in the Company's circular to shareholders dated 4 April 2022. The PSP 2022 is administered by the Remuneration Committee of the Company (currently comprising Mr. Low Ka Choon Kevin, Mr. Neo Gim Kiong and Mr. Ho Ta-Huang). Share awards were granted to some employees of the Group in FY2023. Details of the award granted under the PSP 2022 during FY2023 can be found in the Directors' Statement and Note 19 to the financial statements. No share award was granted to directors and controlling shareholders of the Company (and their associates) during FY2023.

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.

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.

CORPORATE GOVERNANCE

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 FY2023 are as follows:

Directors/Managing Director	Fees (\$)	Fees %	Salaries %	Bonus %	Other Benefits %	Total %
\$S\$1,500,000 to \$S\$2,000,000						
Loh Yih	–	–	31	64	5	100
Below \$S\$250,000						
Wong Kok Chye ⁽¹⁾	–	–	81	–	19	100
Qiu Jun ⁽²⁾	–	–	89	–	11	100
Neo Gim Kiong	30,000	100	–	–	–	100
Low Ka Choon Kevin ⁽³⁾	20,000	100	–	–	–	100
Ho Ta-Huang	30,000	100	–	–	–	100

Note:

- ⁽¹⁾ Mr. Wong Kok Chye retired as Executive Director and did not seek re-election at the Annual General Meeting held on 27 April 2023 and subsequently resigned as Group Chief Operating Officer of the Company on 31 October 2023.
- ⁽²⁾ Mr. Qiu Jun resigned as Executive Director and Business Development Director (China) on 27 March 2023.
- ⁽³⁾ Mr. Low Ka Choon Kevin will retire and will not be seeking re-election as a Director of the Company at the forthcoming Annual General Meeting. Accordingly, Mr. Low Ka Choon Kevin will step down as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee of the Company upon the conclusion of the AGM.

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

The Company only identified two key management personnel who is not a Director 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 key management personnel of the Group for FY2023 is as follows:

Key Management Personnel	Salaries %	Bonus %	Other Benefits %	Total %
Below \$S\$250,000				
Lai Chi Wan*	–	–	–	–
Choo Wai Leong	73	18	9	100

* Lai Chi Wan was appointed on 6 February 2024 as the General Manager of the Company.

CORPORATE GOVERNANCE

The total remuneration paid to the above-mentioned key management personnel (who is not a Director or the Managing Director) for FY2023 is disclosed in bands. Save for the key management personnel 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 poaching the Company's staff. The Company has not disclosed the exact amount of the remuneration of its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The aggregate remuneration paid to the key management personnel (who is not a Director or the Managing Director) in FY2023 is S\$180,537 (inclusive of CPF contribution).

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 FY2023.

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

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.

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.

CORPORATE GOVERNANCE

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 engaged Yang Lee & Associates, internal auditor of the Company, to conduct a risk assessment and management (including emerging risks) as well as risk management framework exercise for the Group in FY2022. The risk assessment considered emerging risk. The risk management process is a continual process that involves five key activities, namely, communication and consultation, establishing the context, risk assessment, risk treatment, monitoring and review. Each risk identified is assigned with a risk level to determine the actions required. There were altogether 13 Group level risks identified, segregated into 4 categories, namely strategic, operational, financial and compliance. The medium and high risk areas in the 4 categories are as follows:

- Strategic risk: intense market competition and economic downturns or recessions
- Operational risk: failure of suppliers to provide timely and quality products
- Financial risk: non-collection of overdue balances
- Compliance risk: potential disputes with counter parties

The treatment plans for those identified risks are mostly internal controls which will be taken into consideration and incorporated into annual internal audit plan.

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 Managing Director 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 2023.

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.

CORPORATE GOVERNANCE

3.3. Audit Committee

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

As of the date of this report, the Audit Committee comprises Mr. Neo Gim Kiong (Chairman of the Audit Committee), Mr. Low Ka Choon Kevin, and Mr. Ho Ta-Huang, the majority of whom, including the Chairman, are independent. As stated above, Mr. Low Ka Choon Kevin will step down as a member of the Audit Committee following the conclusion of the forthcoming AGM of the Company. Hence, the Audit Committee will be unable to meet the minimum number of members (not less than three) under Rule 704(7) of the Catalist Rules and will not be in compliance with Provision 10.2 of the Code that the Audit Committee comprises at least 3 directors, all of whom are non-executive and the majority of whom, including the Chairman, are independent. The Company will endeavour to fill the vacancy within 2 months but in any case not later than 3 months from Mr. Low Ka Choon Kevin's cessation effective date.

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 the chief executive officer 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 judgments 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;

CORPORATE GOVERNANCE

- (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.

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 FY2023. 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. Non-audit fee of \$1,474 or 1.6% of total audit fees was paid to the external auditors during FY2023. The aggregate amount of audit fees payable to the external auditors for the financial year ended 31 December 2023 is \$90,202. 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 Audit Committee'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 which sets out the procedures for the Group's employees to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. The Audit Committee is tasked with investigating whistleblowing reports made in good faith and in confidence, and 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 employees and for appropriate follow-up actions. The identity of the whistleblower is kept confidential to ensure protection of the whistleblower against detrimental or unfair treatment. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees. The Audit Committee is responsible for oversight and monitoring of whistleblowing on an ongoing basis. There were no whistleblowing reports received during FY2023 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.

CORPORATE GOVERNANCE

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.

The Audit Committee has appointed Yang Lee & Associates as its out-sourced internal auditor to provide internal audit function for the Group for FY2023. 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 Audit Committee 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 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.

CORPORATE GOVERNANCE

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 relating to the resolutions during the AGM. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions are put to vote by poll in compliance with Rule 730A(2) of the Catalyst Rules, the proceedings of which is explained by the appointed scrutineer at the general meetings of shareholders.

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. 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 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. All the Directors (except Mr. Ho Ta-Huang) had attended the AGM held on 27 April 2023.

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.

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. No dividend has been declared or recommended for the twelve months ended 31 December 2023 as the Company has accumulated losses as at 31 December 2023.

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.

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.

CORPORATE GOVERNANCE

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 Sustainability Report of this Annual Report for FY2023.

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 FY2023.

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 FY2023 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 FY2023, which exceeds S\$100,000 in value.

The Group has obtained a General Mandate for Interested Person Transactions on 27 April 2023.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		FY2023	FY2023
Purchase of trade products		\$'000	\$'000
Chern Dar Enterprise Co. Ltd	Mr. Ho Ta-Huang, a Non-Independent Non-Executive Director of the Company, and his immediate family have an interest of more than 30% in Chern Dar Enterprise Co. Ltd.	-	113

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 FY2023.

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

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 changes in equity of the Company for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

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 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)s"); 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
 Neo Gim Kiong
 Ho Ta-Huang
 Low Ka Choon Kevin

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Other than as disclosed under "Share options" in this statement, neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company 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

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of corporation: Acesian Partners Limited	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	Number of ordinary shares fully paid					
	At the beginning of financial year	Acquisition/ (Disposal)	At the end of financial year	At the beginning of financial year	Acquisition/ (Disposal)	At the end of financial year
Loh Yih ⁽¹⁾	100,877,558	–	100,877,558	47,380,000	–	47,380,000
Ho Ta-Huang ⁽²⁾	–	–	–	45,583,000	–	45,583,000

⁽¹⁾ By virtue of section 7 of the Companies Act 1967, Mr. Loh Yih is deemed to have an interest in the 47,380,000 shares held by Cavangh Group Pte. Ltd.

⁽²⁾ By virtue of section 7 of the Companies Act 1967, Mr. Ho Ta-Huang is deemed to have an interest in the 45,583,000 shares held by Chern Dar Enterprise Co. Ltd.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

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 2024.

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

Acesian Performance Bonus Share Plan 2022 (the "PSP 2022")

At the Extraordinary General Meeting held on 27 April 2022, the members of the Company approved the PSP 2022, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Group.

The PSP 2022 is administered by the Remuneration Committee whose members are Low Ka Choon Kevin (Chairman), Neo Gim Kiong and Ho Ta-Huang (or such other committee comprising Directors duly authorised and appointed by the Board) with such powers and duties as are conferred to it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of awards granted or to be granted to him or held by him.

The PSP 2022 shall continue to be in force at the discretion of the Remuneration Committee for a period of ten years from 27 April 2022. However, the period may be extended or terminated with the approval of shareholders by ordinary resolution at a general meeting of the Company and of any relevant authorities which may then be required.

A participants' award under the PSP 2022 will be determined at the sole discretion of the Remuneration Committee. In considering an award to be granted to a participant, the Remuneration Committee may take into account, *inter alia*, the participant and/or contributions to the Group.

Awards granted under the PSP 2022 will typically vest only after the satisfactory completion of the Performance Conditions and/or other conditions such as vesting period(s) applicable for the release of the awards.

Under the PSP 2022, the vesting period will be one year from the date of grant. Upon vesting of the award, the number of shares which are subject to the award will be credited to the participants Central Depository (Pte) Limited ("CDP") account. The grant price is based on the market price of the Company's shares on the Singapore Exchange Securities Trading Limited on the date of grant.

Number of share awards of ordinary shares of the Company

Date of Grant	At the beginning of financial year	Granted	Exercised	Cancelled/ Lapsed	At the end of financial year	Grant price per share	Vesting period
17 May 2023	–	2,444,592	–	(1,013,214)	1,431,378	\$ 0.056	17 May 2023 to 16 May 2024

Since the commencement of the PSP 2022 to the end of the current financial year, there were no performance shares granted/awarded to:

- (i) directors of the Company; and
- (ii) participants who are controlling shareholders of the Company and their associates (as defined in the Catalyst Rules).

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

Share options (continued)

Acesian Performance Bonus Share Plan 2022 (the "PSP 2022") (continued)

No participants receive 5% or more of the total number of performance shares available under the PSP 2022.

No performance shares granted/awarded to directors and employees of the parent company and its subsidiaries. The Company has no parent company.

In respect of share awards granted to employees of related corporations, a total of 758,164 shares were granted during the financial year representing the total shares granted to employees of related corporations from the commencement of the PSP 2022 to 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
Low Ka Choon Kevin

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Act, the SGX Listing Manual and Code of Corporate Governance, which include inter alia the following:

- Reviewed the significant financial reporting issues and judgments so as to ensure the integrity of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company;
- Reviewed the half yearly and annual financial 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 for approval;
- Reviewed the adequacy and effectiveness of the Group's and Company's internal controls and risk management systems;
- Reviewed the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit function, including the nature and extent of non-audit services provided by the external auditor, if any;
- Met with the internal and external auditors of the Group and Company to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's and Company's system of internal accounting controls without the presence of the Group's and Company's Management;
- Considered and recommended to the Board of Directors on re-appointment of the external and internal auditors, and approved the remuneration and terms of engagement of the external and internal auditors;
- Reviewed the external and internal auditor's reports;
- Reviewed the co-operation given by the Group's and Company's management to the external and internal auditors;
- Reviewed and approved interested persons transactions falling within the scope of Chapter 9 of the Catalist Rules;
- Reviewed and established procedures for receipt, retention and treatment of complaints received 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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

Audit Committee (continued)

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 in the Company's Annual Report.

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

Auditor

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

On behalf of the Board of Directors,

Loh Yih
Director

Neo Gim Kiong
Director

2 April 2024

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 2023, 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 material accounting policy information, as set out on pages 54 to 102.

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 1967 (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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of 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 judgment, 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 13 to the financial statements)

The Group's inventories totalled \$3,754,431 (2022: \$4,253,255) which accounted for 12.7% (2022: 14.8%) of the Group's total assets as at 31 December 2023. Write-down of inventories to their net realisable values charged to profit or loss and the reversal of previous write-downs credited to profit or loss for the current financial year amounted to \$55,227 (2022: \$56,426) and \$62,128 (2022: \$17,605) respectively which represented 0.7% (2022: 0.7%) and 0.8% (2022: 0.2%) respectively of the Group's total comprehensive income for the year ended 31 December 2023.

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 judgment 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.
- Attended the year-end physical inventory stockcount and observed the physical condition of the inventories to identify whether there are physical signs of inventory obsolescence and damages.
- Checked the computation of inventory costing which includes cost of purchase, cost 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 or 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 other information. The other information comprises the information included in the Annual Report 2023, 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 judgment 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 year 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 by those subsidiary corporations 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 Tang Hui Lin.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore
2 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	The Group	
		2023	2022
		\$	\$
Revenue	4(a)	15,788,623	38,169,132
Cost of sales		(7,398,326)	(23,422,362)
Gross profit		8,390,297	14,746,770
Other operating income	5	187,591	213,710
Other gain	5.1	4,004,447	–
Administrative expenses		(3,707,154)	(4,978,791)
Other expenses		(1,121,785)	(1,039,023)
Finance income	6	602,257	77,029
Finance costs	6	(29,333)	(27,280)
Profit before tax	7	8,326,320	8,992,415
Income tax expense	9	(771,450)	(1,131,687)
Profit for the year		7,554,870	7,860,728
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations, net of tax		75,315	271,387
Total comprehensive income for the year, net of tax		7,630,185	8,132,115
Profit/(Loss) attributable to:			
Owners of the Company		7,456,229	7,910,460
Non-controlling interests		98,641	(49,732)
		7,554,870	7,860,728
Total comprehensive income attributable to:			
Owners of the Company		7,493,943	8,092,431
Non-controlling interests		136,242	39,684
		7,630,185	8,132,115
Earnings per share attributable to owners of the Company (cents per share):			
- Basic	10	1.55	1.60
- Diluted		1.55	1.60

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 2023

	Note	The Group		The Company	
		2023	2022	2023	2022
		\$	\$	\$	\$
			(Reclassified)		
Assets					
Non-current assets					
Property, plant and equipment	11	2,067,490	1,912,242	100,553	212,885
Investment in subsidiaries	12	–	–	1,268,563	1,268,563
		2,067,490	1,912,242	1,369,116	1,481,448
Current assets					
Inventories	13	3,754,431	4,253,255	–	–
Trade and other receivables	14	3,229,699	3,163,901	1,819,509	1,787,241
Contract assets	4(b)	1,066,792	637,644	–	–
Prepaid operating expenses		72,312	100,025	14,134	8,669
Fixed deposits pledged	15	88,085	90,209	30,000	30,000
Cash and cash equivalents	16	19,237,508	18,493,262	13,876,748	10,277,628
		27,448,827	26,738,296	15,740,391	12,103,538
Total assets		29,516,317	28,650,538	17,109,507	13,584,986
Equity and liabilities					
Current liabilities					
Trade and other payables	17	3,103,876	9,063,532	1,512,300	2,320,925
Contract liabilities	4(b)	2,070,677	2,217,069	–	–
Income tax payable		704,917	1,079,265	27,001	–
Lease liabilities	18	219,102	378,334	101,167	105,980
		6,098,572	12,738,200	1,640,468	2,426,905
Non-current liability					
Lease liabilities	18	811,394	183,532	–	101,167
		811,394	183,532	–	101,167
Total liabilities		6,909,966	12,921,732	1,640,468	2,528,072
Equity					
Share capital	19	20,321,774	20,321,774	20,321,774	20,321,774
Treasury shares	19	(998,999)	(196,288)	(998,999)	(196,288)
Share-based payment reserve	19	50,071	–	50,071	–
Retained earnings/ (Accumulated losses)		4,442,594	(3,013,635)	(3,903,807)	(9,068,572)
Foreign currency translation reserve	20	(1,451,522)	(1,489,236)	–	–
Attributable to owners of the Company		22,363,918	15,622,615	15,469,039	11,056,914
Non-controlling interests		242,433	106,191	–	–
Total equity		22,606,351	15,728,806	15,469,039	11,056,914
Total equity and liabilities		29,516,317	28,650,538	17,109,507	13,584,986

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 2023

The Group	Note	Attributable to owners of the Company							Non-controlling interests	Total
		Share capital	Treasury shares	Share-based payment reserve	(Accumulated losses)/ Retained earnings	Foreign currency translation reserve	Total	Total		
		\$	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 January 2022		20,321,774	-	-	(10,924,095)	(1,671,207)	7,726,472	66,507	7,792,979	
Profit/(Loss) for the year		-	-	-	7,910,460	-	7,910,460	(49,732)	7,860,728	
<u>Other comprehensive income</u>										
Exchange difference on translation of foreign operations, net of tax		-	-	-	-	181,971	181,971	89,416	271,387	
Total comprehensive income for the year		-	-	-	7,910,460	181,971	8,092,431	39,684	8,132,115	
<u>Transaction with owners, recognised directly in equity</u>										
Purchase of treasury shares	19	-	(196,288)	-	-	-	(196,288)	-	(196,288)	
Balance at 31 December 2022		20,321,774	(196,288)	-	(3,013,635)	(1,489,236)	15,622,615	106,191	15,728,806	
Balance at 1 January 2023		20,321,774	(196,288)	-	(3,013,635)	(1,489,236)	15,622,615	106,191	15,728,806	
Profit for the year		-	-	-	7,456,229	-	7,456,229	98,641	7,554,870	
<u>Other comprehensive income</u>										
Exchange difference on translation of foreign operations, net of tax		-	-	-	-	37,714	37,714	37,601	75,315	
Total comprehensive income for the year		-	-	-	7,456,229	37,714	7,493,943	136,242	7,630,185	
<u>Transactions with owners, recognised directly in equity</u>										
Purchase of treasury shares	19	-	(802,711)	-	-	-	(802,711)	-	(802,711)	
Equity-settled share-based payment	19	-	-	50,071	-	-	50,071	-	50,071	
Balance at 31 December 2023		20,321,774	(998,999)	50,071	4,442,594	(1,451,522)	22,363,918	242,433	22,606,351	

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 2023

The Company	Note	Share capital \$	Treasury shares \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 January 2022		20,321,774	–	–	(13,838,103)	6,483,671
Profit for the year representing total comprehensive income for the year		–	–	–	4,769,531	4,769,531
<u>Transaction recognised directly in equity</u>						
Purchase of treasury shares	19	–	(196,288)	–	–	(196,288)
Balance at 31 December 2022		20,321,774	(196,288)	–	(9,068,572)	11,056,914
Balance at 1 January 2023		20,321,774	(196,288)	–	(9,068,572)	11,056,914
Profit for the year representing total comprehensive income for the year		–	–	–	5,164,765	5,164,765
<u>Transactions recognised directly in equity</u>						
Purchase of treasury shares	19	–	(802,711)	–	–	(802,711)
Equity-settled share-based payment	19	–	–	50,071	–	50,071
Balance at 31 December 2023		20,321,774	(998,999)	50,071	(3,903,807)	15,469,039

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 2023

	Note	The Group	
		2023 \$	2022 \$
Operating activities			
Profit before tax		8,326,320	8,992,415
Adjustments for:			
Depreciation of property, plant and equipment	7	723,229	822,026
Bad debt written off	7	–	16,258
Allowance for impairment loss on trade and other receivables	7	62,638	–
Interest expense	6	29,333	27,280
Interest income	6	(602,257)	(77,029)
Investment income	5	(19,150)	–
Gain on disposal and written off of property, plant and equipment	7	(4,261)	(25,824)
Inventories written (back)/down, net	7	(6,901)	38,821
Share-based payment	19	50,071	–
Gain on deconsolidation of a subsidiary	5.1	(2,781,287)	–
Write-back of long outstanding trade and other payables	5.1	(1,223,160)	–
Unrealised exchange differences		228,379	387,367
Operating cash flows before changes in working capital		4,782,954	10,181,314
Decrease/(Increase) in inventories		505,725	(497,119)
Increase in trade and other receivables, contract assets and prepaid operating expenses		(574,813)	(1,112,775)
(Decrease)/Increase in trade and other payables and contract liabilities		(1,905,498)	2,223,603
Cash flows generated from operations		2,808,368	10,795,023
Interest received		602,257	77,029
Income taxes paid		(1,143,159)	(348,626)
Net cash flows generated from operating activities		2,267,466	10,523,426
Investing activities			
Deconsolidation of a subsidiary, net of cash disposed of	12	(1,839)	–
Purchase of investment securities	5	(980,850)	–
Proceeds from sale of investment securities	5	1,000,000	–
Purchase of property, plant and equipment	11	(71,149)	(294,722)
Proceeds from disposal of property, plant and equipment		1,074	60,053
Net cash flows used in investing activities		(52,764)	(234,669)
Financing activities			
Decrease in fixed deposits pledged		2,124	2,643
Repayment of lease liabilities	18	(462,579)	(492,576)
Purchase of treasury shares	19	(802,711)	(196,288)
Interest paid	18	(29,333)	(27,280)
Net cash flows used in financing activities		(1,292,499)	(713,501)
Net increase in cash and cash equivalents		922,203	9,575,256
Effects of currency translation on cash and cash equivalents		(177,957)	(64,354)
Cash and cash equivalents at the beginning of the year		18,493,262	8,982,360
Cash and cash equivalents at the end of the year	16	19,237,508	18,493,262

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 2023

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 Group consist of design, manufacture and supply of critical airflow and related products and investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2 Material accounting policy information

2.1 Basis of preparation

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 material accounting policy information 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 2023. The adoption of these standards did not have any material effect on the Group's financial statements except as disclosed below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

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

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments, the Group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively. There was no impact to the opening retained earnings as at 1 January 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

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:

	Effective for annual periods beginning on or after
• Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2024
• Amendments to SFRS(I) 16 <i>Leases: Lease liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to SFRS(I) 1-7 <i>Statement of Cash Flows and SFRS(I) 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024
• Amendments to SFRS(I) 1-21 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.4 Basis of consolidation and business combinations (continued)

a) Basis of consolidation (continued)

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.

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.

c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

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.

b) Translation of Group entities' 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:

Buildings	2 – 6 years
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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.7 Property, plant and equipment (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition which are accounted for as follows:

- Raw materials and work-in-progress: First-in-first-out method
- Finished goods: Weighted average method

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.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.12 Financial instruments (continued)

a) Financial assets (continued)

Subsequent measurement

Except for investment in treasury bills which is measured at fair value through other comprehensive income ("FVOCI"), 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.

Debt investments at FVOCI

These assets are subsequently measured at fair value, Interest income calculated under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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 for debt instrument that had been recognised in other comprehensive income is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.13 Impairment of financial assets (continued)

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).

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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.14 Leases (continued)

As lessee (continued)

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 18.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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.

2.15 Financial guarantees

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.17 Share capital and share issuance expenses and treasury shares

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.

When the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the share are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme or employee share award scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transactions costs and related income tax, is recognised in equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

2.19 Taxes (continued)

b) Deferred tax (continued)

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.

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. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

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) Critical airflow design and supply revenue (Renamed from Manufacturing, distribution and services revenue)

Critical airflow design and supply revenue relates to revenue generated from the design, manufacture and supply of critical airflow and related products including Ethylene Tetrafluoroethylene ("ETFE") coated ducts, uncoated stainless steel ducts and critical airflow systems 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.

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) 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.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material accounting policy information (continued)

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.

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 fixed deposits, 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 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserves.

For cash-settled share-based payments, a liability is measured initially at the fair value and recognised over the period in which the employees have rendered their services. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.26 Borrowing costs

Borrowing costs are recognised in profit or loss over the period of borrowing using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 Significant accounting judgments and estimates

The preparation of the financial statements requires management to make judgments, 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 Judgments made in applying accounting policies

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 judgment 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 Company did not factor in any extension options in determining the lease terms of its lease contracts.

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 on 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 2023 and 2022 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 judgment in identifying slow-moving and obsolete inventories and make estimates of write down required.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

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 2023 and 2022 are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

c) Provision for Expected Credit Losses ("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 25.1(iii).

The carrying amount of trade receivables (Note 14) and contract assets (Note 4(b)) of the Group as at 31 December 2023 are \$2,706,404 and \$1,066,792 (2022: \$2,864,212 and \$637,644) respectively.

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	
	2023	2022
	\$	\$
Main revenue streams:		
Engineering services	162,170	642,703
Critical airflow design and supply	15,626,453	37,526,429
	15,788,623	38,169,132
Timing of transfer of goods or services		
At a point in time	15,673,825	38,036,868
Over time	114,798	132,264
	15,788,623	38,169,132

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4 Revenue (continued)

(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	
	2023	2022
	\$	\$
Receivables from contracts with customers (Note 14)	2,706,404	2,864,212
Contract assets	1,066,792	637,644
Contract liabilities	<u>(2,070,677)</u>	<u>(2,217,069)</u>

The Group recognised impairment losses on receivables arising from contracts with customers amounting to \$62,638 (2022: \$Nil) (Note 25.1(iii)).

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 the contract assets and the contract liabilities balances are as follows:

	The Group	
	2023	2022
	\$	\$
Contract assets reclassified to trade receivables	(637,644)	(379,655)
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>120,118</u>	<u>68,267</u>

(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 2023 and 2022 may be recognised as revenue in the next reporting periods as follows:

	The Group			
	2023	2024	2025	Total
	\$	\$	\$	\$
Unsatisfied or partially unsatisfied performance obligations as at:				
31 December 2023	–	2,064,902	5,775	2,070,677
31 December 2022	120,118	2,091,176	5,775	<u>2,217,069</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5 Other operating income

	The Group	
	2023	2022
	\$	\$
Grant received from government	41,584	38,877
Investment income	19,150	–
Foreign exchange gain	32,286	–
Other income	94,571	174,833
	187,591	213,710

Pursuant to the approval obtained from shareholders during the Extraordinary General Meeting (“EGM”) held on 27 April 2023 for the Group to diversify into investment business, during the current financial year, the Group acquired 6-month Treasury Bills issued by the Singapore Government for cash consideration of \$980,850. The 6-month Treasury Bills was redeemed on the maturity date, 12 December 2023, at its face value of \$1,000,000 realising a gain of \$19,150 as disclosed above.

5.1 Other gain

	The Group	
	2023	2022
	\$	\$
Gain on deconsolidation of a subsidiary (Note 12)	2,781,287	–
Write-back of long outstanding trade and other payables (Note)	1,223,160	–
	4,004,447	–

Note

As disclosed in Note 12 to the financial statements, the Group has 2 subsidiaries based in China, Linair Technologies (Suzhou) Co., Ltd and Shanghai XianDa Industry Equipment Installation Co., Ltd. which have been dormant in operations since 2014. Residing in the books of these 2 subsidiaries are long outstanding trade and other payables which have been brought forward since 2013 amounting to \$1,223,160 (2022: \$1,223,160).

After having considered the formal legal advice and opinions provided, these long outstanding trade and other payables amounting to \$1,223,160 (2022: \$Nil) are derecognised and a gain from the write-back was recognised in FY2023 as disclosed above.

6 Finance costs and finance income

	The Group	
	2023	2022
	\$	\$
Interest expense on lease liabilities (Note 22(c))	(29,333)	(27,280)
Interest income		
- Fixed deposits	600,050	74,167
- Others	2,207	2,862
	602,257	77,029

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7 Profit before tax

The following items have been included in arriving at profit before tax:

	The Group	
	2023	2022
	\$	\$
Audit fees paid/payable to:		
- Auditors of the Company	83,000	83,000
- Other member firm of PKF International	7,202	8,917
Bad debt written off	–	16,258
Allowance for impairment loss on trade and other receivables	62,638	–
Depreciation of property, plant and equipment (Note 11)	723,229	822,026
Directors' fees	80,000	80,000
Employee benefits expense (Note 8)	3,913,383	5,367,645
Inventories written (back)/down, net	(6,901)	38,821
Lease expense – short term and low-value	41,029	21,025
Gain on disposals and written off of property, plant and equipment	(4,261)	(25,824)
Professional and legal fees	256,944	255,427

8 Employee benefits expense

	The Group	
	2023	2022
	\$	\$
Employee benefits expense (including directors):		
Salaries and related costs	3,741,347	5,137,703
Contributions to defined contribution plans	172,036	229,942
	3,913,383	5,367,645

The above amounts include compensation of the Company's directors (Note 21(b)).

9 Income tax expense

	The Group	
	2023	2022
	\$	\$
Current income tax		
- Current year	734,802	1,119,664
- Under provision in respect of prior years	36,648	12,023
	771,450	1,131,687

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9 Income tax expense (continued)

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 as a result of the following:

	The Group	
	2023	2022
	\$	\$
Profit before taxation	8,326,320	8,992,415
Tax at Singapore statutory income tax rate of 17% (2022: 17%)	1,415,474	1,528,711
Effect of different tax rates of overseas operations	20,020	63,624
Statutory stepped income exemption	(23,126)	(18,019)
Non-deductible expenses	9,581	92,393
Income not subject to taxation	(680,756)	(48,466)
Deferred tax assets not recognised	–	40,854
Effect of previously unrecognised and unused tax losses and capital allowances utilised during the year	(5,423)	(568,327)
Under provision of current tax in prior years	36,648	12,023
Others	(968)	28,894
	771,450	1,131,687

In 2022, the Group had unutilised tax losses of approximately \$280,000, which were available for offset against future taxable profits for which no deferred tax assets were recognised due to unpredictability of the future profit streams to be generated by the Group in the foreseeable future. As at 31 December 2022, the deferred tax assets not recognised was \$47,532. There are no deferred tax assets arising from unutilised tax losses not recognised as at 31 December 2023.

In the current and previous financial years, the unutilised tax losses arising from a subsidiary, Acesian Star Pte. Ltd. ("**ASPL**"), amounting to approximately \$9,500,000 (2022: \$10,493,000 from ASPL and Active Building Technologies Pte. Ltd. ("**ABT**")) 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 has been placed under liquidation.

As disclosed in Note 12 to the financial statements, ABT has been liquidated and de-consolidated from the Group. Accordingly, the unutilised tax losses attributable to ABT amounting to approximately \$1,053,000 (2022: \$1,053,000) are no longer available to be utilised by the Group.

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 per share

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

	The Group	
	2023	2022
	\$	\$
Basic and diluted profit per share is based on:		
Net profit attributable to owners of the Company	7,456,229	7,910,460

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10 Earnings per share (continued)

	Number of shares	
	2023	2022
Weighted average number of ordinary shares during the year (excluding treasury shares)	480,315,717	493,370,798
Earnings per share (cents)	1.55	1.60

11 Property, plant and equipment

The Group	Buildings	Furniture and fittings	Plant and machinery	Renovation	Motor vehicles	Computers and office equipment	Total
	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>							
At 01.01.2022	1,527,565	162,895	3,481,141	531,180	181,291	217,475	6,101,547
Additions	75,667	139	182,387	–	92,267	19,929	370,389
Disposals/Write offs	–	(12,210)	–	(87,334)	(79,458)	(30,422)	(209,424)
Foreign exchange difference	(42,842)	(8,129)	(197,464)	(16,729)	(2,774)	(3,878)	(271,816)
At 31.12.2022	1,560,390	142,695	3,466,064	427,117	191,326	203,104	5,990,696
Additions	–	3,679	35,650	–	15,796	16,024	71,149
Modification of lease liabilities	940,262	–	–	–	–	–	940,262
Disposals/Write offs	(123,863)	–	–	–	–	–	(123,863)
Foreign exchange difference	(55,996)	(7,488)	(192,350)	(15,408)	(15,608)	(3,943)	(290,793)
At 31.12.2023	2,320,793	138,886	3,309,364	411,709	191,514	215,185	6,587,451
<u>Accumulated depreciation</u>							
At 01.01.2022	623,736	71,288	2,410,128	289,875	90,443	145,430	3,630,900
Depreciation for the year (Note 7)	434,644	15,970	233,795	69,982	34,315	33,320	822,026
Disposals/Write offs	–	(12,072)	–	(87,334)	(49,946)	(25,843)	(175,195)
Foreign exchange difference	(35,196)	(3,728)	(146,939)	(8,058)	(3,386)	(1,970)	(199,277)
At 31.12.2022	1,023,184	71,458	2,496,984	264,465	71,426	150,937	4,078,454
Depreciation for the year (Note 7)	389,534	15,052	231,415	35,057	32,398	19,773	723,229
Disposals/Write offs	(65,372)	–	–	–	–	–	(65,372)
Foreign exchange difference	(41,717)	(4,155)	(147,344)	(8,931)	(12,035)	(2,168)	(216,350)
At 31.12.2023	1,305,629	82,355	2,581,055	290,591	91,789	168,542	4,519,961
<u>Net carrying amount</u>							
At 31.12.2022	537,206	71,237	969,080	162,652	119,900	52,167	1,912,242
At 31.12.2023	1,015,164	56,531	728,309	121,118	99,725	46,643	2,067,490

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 22(a).

During the current year, the cash outflow on acquisition of property, plant and equipment amounted to \$71,149 (2022: \$294,722).

The Company	Buildings \$	Furniture and fittings \$	Plant and machinery \$	Renovation \$	Computers and office equipment \$	Total \$
<u>Cost</u>						
At 01.01.2022	316,797	23,011	55,358	200,436	90,308	685,910
Additions	–	139	–	–	5,963	6,102
Disposals/Write offs	–	(11,711)	–	(87,334)	(2,888)	(101,933)
At 31.12.2022	316,797	11,439	55,358	113,102	93,383	590,079
Additions	–	–	–	–	–	–
At 31.12.2023	316,797	11,439	55,358	113,102	93,383	590,079
<u>Accumulated depreciation</u>						
At 01.01.2022	8,800	17,414	55,358	167,183	74,851	323,606
Depreciation for the year	105,599	2,264	–	33,253	14,405	155,521
Disposals/Write offs	–	(11,711)	–	(87,334)	(2,888)	(101,933)
At 31.12.2022	114,399	7,967	55,358	113,102	86,368	377,194
Depreciation for the year	105,599	2,208	–	–	4,525	112,332
At 31.12.2023	219,998	10,175	55,358	113,102	90,893	489,526
<u>Net carrying amount</u>						
At 31.12.2022	202,398	3,472	–	–	7,015	212,885
At 31.12.2023	96,799	1,264	–	–	2,490	100,553

12 Investment in subsidiaries

	The Company	
	2023 \$	2022 \$
Unquoted equity investments, at cost	17,687,132	17,687,132
Allowance for impairment losses	(16,418,569)	(16,418,569)
	1,268,563	1,268,563

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Place of business	Percentage of equity held		Principal activities
		2023	2022	
		%	%	
<i>Held by the Company</i>				
Acesian Engineering (M) Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Manufacture of air related ducts and accessories.
Acesian Technologies Pte. Ltd. ⁽²⁾	Singapore	100	100	Sales and distribution of air related ducts and accessories, and offering project management and consultancy services.
Linair Technologies (Suzhou) Co., Ltd. ⁽³⁾	People's Republic of China	100	100	Dormant.
Shanghai XianDa Industry Equipment Installation Co., Ltd. ⁽³⁾	People's Republic of China	70	70	Dormant.
Acesian Systems Pte. Ltd. ⁽²⁾	Singapore	100	100	General contractors for infocomm technologies.
Acesian Star (S) Pte. Ltd. ⁽⁴⁾	Singapore	100	100	General contractors for building construction, pumping and air-conditioning.
<i>Held through Acesian Star (S) Pte. Ltd.</i>				
Active Building Technologies Pte. Ltd. ⁽⁵⁾	Singapore	–	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 liquidation of the subsidiary has been completed on 4 October 2023. As such, Active Building Technologies Pte. Ltd. had been deconsolidated from the Group's financial statements as disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Investment in subsidiaries (continued)

The movements of unquoted equity investments, at cost and allowance for impairment losses are as follows:

	The Company	
	2023	2022
	\$	\$
<u>Unquoted equity investments, at cost</u>		
Balance at beginning of the year	17,687,132	17,818,112
Less: Liquidation and strike-off of subsidiaries	-	(130,980)
Balance at end of the year	17,687,132	17,687,132
<u>Allowance for impairment losses</u>		
Balance at beginning of the year	16,418,569	16,549,449
Written off	-	(130,880)
Balance at end of the year	16,418,569	16,418,569

At the end of the reporting period, the provision for impairment loss in investment in subsidiaries was made as certain subsidiaries are in net liabilities position and remain as dormant or under liquidation, the company is unable to recover the full investment cost from these subsidiaries.

Creditors' voluntary liquidation of Active Building Technologies Pte. Ltd. ("ABT")

On 11 March 2022, an application was made to place ABT under creditors' voluntary liquidation and ABT was placed under creditors' voluntary liquidation with effect from 7 April 2022. The final creditors' meeting was held on 30 June 2023 and ABT was successfully and fully liquidated on 4 October 2023. ABT was consolidated until 4 October 2023, the date it ceases to be a subsidiary of the Group.

The net liabilities of ABT at the date of liquidation were as follows:

	2023
	\$
<u>Current assets</u>	
Cash and cash equivalents	1,839
Trade and other receivables	44,989
<u>Current liabilities</u>	
Trade and other payables	(2,828,115)
Net liabilities derecognised on liquidation of ABT, representing gain on deconsolidation of a subsidiary (Note 5.1)	(2,781,287)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Investment in subsidiaries (continued)

Creditors' voluntary liquidation of Active Building Technologies Pte. Ltd. ("ABT") (continued)

Following from this, a gain on deconsolidation of subsidiary (ABT) of \$2,781,287 is recorded within "other gain" in profit or loss.

	2023
	\$
<u>Net cash outflow arising on deconsolidation of a subsidiary</u>	
Cash and cash equivalents deconsolidated	<u><u>1,839</u></u>

There was no liquidation of subsidiaries in 2022.

Non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Place of incorporation and business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
			\$	\$
Shanghai XianDa Industry Equipment Installation Co., Ltd	People's Republic of China	30%	98,641	242,433

Summarised financial information before intercompany eliminations of subsidiary with material non-controlling interest is as follows:

Summarised statement of financial position

	2023	2022
	\$	\$
Trade and other payables representing net liabilities	<u><u>2,776,226</u></u>	<u><u>3,241,893</u></u>

Summarised income statement

	2023	2022
	\$	\$
Other income	401,370	–
Other losses	(72,566)	(165,775)
Profit/(Loss) for the year	<u><u>328,804</u></u>	<u><u>(165,775)</u></u>

In current and prior financial years, there are no net cash flows movements from the subsidiary with material non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13 Inventories

	The Group	
	2023	2022
	\$	\$
Statement of financial position:		
Raw materials	2,473,278	2,730,120
Work-in-progress	288,196	453,013
Finished goods	992,957	1,070,122
	3,754,431	4,253,255
Statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	5,039,082	18,146,304
Inclusive of the following charge		
- Inventories written-down (Note 7)	55,227	56,426
- Reversal of inventories written-down (Note 7)	(62,128)	(17,605)

The reversal of inventories written down was made when the related inventories were sold above their carrying amounts as at 31 December 2023 and 2022.

14 Trade and other receivables

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade receivables				
- Third parties	4,029,305	4,352,942	43,755	43,755
- Subsidiaries	-	-	2,448,995	1,776,297
	4,029,305	4,352,942	2,492,750	1,820,052
Allowance for impairment loss (trade) (Note 25.1(iii))	(1,322,901)	(1,488,730)	(780,456)	(780,456)
Trade receivables, net (Note 4(b))	2,706,404	2,864,212	1,712,294	1,039,596
Amount owing by subsidiaries (non-trade)	-	-	15,509,391	16,183,039
Deposits	155,958	122,789	27,000	17,400
GST receivable	46,744	-	-	-
Other receivables	90,774	176,900	32,802	108,946
Advances to supplier	229,819	-	-	-
Allowance for impairment loss (non-trade) (Note 25.1(iii))	-	-	(15,461,978)	(15,561,740)
Total trade and other receivables	3,229,699	3,163,901	1,819,509	1,787,241

Trade receivables are non-interest bearing and are generally on 30 to 90 days' (2022: 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.

Advances to suppliers represents amounts paid in advance for goods that are yet to be delivered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15 Fixed deposits pledged

The Group

The fixed deposits earn interest at the rates of 0.10% to 3.10% (2022: 0.25% to 4.00%) per annum and have been pledged to various banks for banking facilities and for the manufacturing warehouse license granted to the Group. Fixed deposits are all denominated in the functional currency of the respective Companies.

The Company

The fixed deposits earn interest at the rates of 0.10% to 1.50% (2022: 0.25%) per annum and had been pledged to a bank for banking facilities obtained by a subsidiary.

16 Cash and cash equivalents

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Bank balances	2,834,705	3,942,326	1,131,032	709,489
Fixed deposits	16,402,803	14,550,936	12,745,716	9,568,139
Cash and cash equivalents	19,237,508	18,493,262	13,876,748	10,277,628

Fixed deposits are placed for a tenure of 1 year (2022: 1 year) and bears in interest of 1.50% to 5.05% (2022: 0.10% to 3.80%).

17 Trade and other payables

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables	623,708	5,336,306	–	–
Retention sums payable	–	449,122	–	–
Amount owing to a related party (trade)	217,852	190,526	–	–
Amount owing to subsidiaries (non-trade)	–	–	–	500,048
Accruals – directors' fees	149,600	126,800	149,600	126,800
Accrued operating expenses	1,761,252	2,512,521	1,204,217	1,556,303
GST payable	274,224	361,011	121,892	127,538
Other payables	77,240	87,246	36,591	10,236
	3,103,876	9,063,532	1,512,300	2,320,925

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' (2022: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18 Lease liabilities

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current:				
Lease liabilities (Note 22(b))	219,102	378,334	101,167	105,980
Non-current:				
Lease liabilities (Note 22(b))	811,394	183,532	–	101,167
	1,030,496	561,866	101,167	207,147

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

	1 January 2023	Cash flows	Interest paid	Non-cash changes			31 December 2023	
				Additions	Disposals	Interest expense		Exchange difference
	\$	\$	\$	\$	\$	\$	\$	
Lease liabilities	561,866	(462,579)	(29,333)	940,262	(61,678)	29,333	52,625	1,030,496

	1 January 2022	Cash flows	Interest paid	Non-cash changes			31 December 2022	
				Additions	Disposals	Interest expense		Exchange difference
	\$	\$	\$	\$	\$	\$	\$	
Lease liabilities	997,975	(492,576)	(27,280)	75,667	–	27,280	(19,200)	561,866

19 Share capital, treasury shares and share-based payment reserve

Share capital

	The Group and The Company			
	2023	2022	2023	2022
	No. of Shares		\$	\$
Ordinary shares issued and fully paid:				
At beginning and end of the year	498,498,498	498,498,498	20,321,774	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19 Share capital, treasury shares and share-based payment reserve (continued)

Treasury shares

	The Group and The Company			
	2023	2022	2023	2022
	No. of Shares		\$	\$
At beginning of the year	5,127,700	–	196,288	–
Purchased during the year	16,525,200	5,127,700	802,711	196,288
At end of the year	21,652,900	5,127,700	998,999	196,288

Share-based payment reserve

Equity-settled share award plan

The share-based payment reserve comprise the cumulative value of employee services received for the share awards granted. Upon the issuance of the new ordinary shares at the point of vesting of the share awards granted, the amount from the share-based payment reserve is transferred to share capital. If the vesting of the share awards granted is funded by treasury shares, the share-based payment reserve is offset against treasury shares. When the share awards are forfeited, the amount from the share-based payment reserve is transferred to retained earnings.

Acesian Performance Bonus Share Plan 2022 (the "PSP 2022")

At the Extraordinary General Meeting held on 27 April 2022, the members of the Company approved the PSP 2022, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Group.

Details of the share awards outstanding during the year are as follows:

	The Group and The Company			
	2023	2022	2023	2022
	No. of Shares		\$	\$
At beginning of the year	–	–	–	–
Grant of share awards	2,444,592	–	76,031	–
Forfeiture of share awards	(1,013,214)	–	(25,960)	–
At end of the year	1,431,378	–	50,071	–

The former director resigned on 31 October 2023 and forfeited the 1,013,214 shares granted under the PSP 2022. Following from this, as at 31 December 2023, the remaining shares granted under the PSP 2022 amounted to 1,431,378.

Under the PSP 2022, the vesting period will be one year from the date of grant. Upon vesting of the award, the number of shares which are subject to the award will be credited to the participants Central Depository (Pte) Limited ("CDP") account. The grant price is based on the market price of the Company's shares on the Singapore Exchange Securities Trading Limited on the date of grant.

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For the financial year ended 31 December 2023

19 Share capital, treasury shares and share-based payment reserve (continued)

Acesian Performance Bonus Share Plan 2022 (the "PSP 2022") (continued)

	The Group and The Company	
	2023	2022
Fair value of shares granted	0.056	–
Vesting period	17 May 2023 to 16 May 2024	–

The Group and the Company recognised total expenses of S\$50,071 (2022: \$Nil) related to equity settled share-based payment transactions during the year.

20 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.

21 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	
	2023	2022
	\$	\$
Purchases from related party	412,282	263,980

(b) Compensation of key management personnel

	The Group	
	2023	2022
	\$	\$
Short-term employee benefits	2,267,876	2,526,965
Central provident fund contributions	78,039	98,760
	2,345,915	2,625,725

The above amounts include total emoluments of the Company's directors of \$1,775,608 (2022: \$2,111,562).

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 2023

22 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 \$	Plant and machinery \$	Motor vehicles \$	Total \$
At 1 January 2022	903,829	574,644	35,030	1,513,503
Additions	75,667	–	–	75,667
Disposals	–	–	(29,512)	(29,512)
Depreciation	(434,644)	(91,813)	(5,518)	(531,975)
Exchange difference	(7,646)	(29,553)	–	(37,199)
Reclassification	–	(453,278)	–	(453,278)
At 31 December 2022	537,206	–	–	537,206
Additions	940,262	–	–	940,262
Disposals	(58,491)	–	–	(58,491)
Depreciation	(389,534)	–	–	(389,534)
Exchange difference	(14,279)	–	–	(14,279)
At 31 December 2023	1,015,164	–	–	1,015,164

The Company

The Company	Buildings \$
At 1 January 2022	307,997
Depreciation	(105,599)
At 31 December 2022	202,398
Depreciation	(105,599)
At 31 December 2023	96,799

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 18 and the maturity analysis of lease liabilities is disclosed in Note 25.4.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22 Leases (continued)

Group as a lessee (continued)

(c) Amounts recognised in profit or loss

	The Group	
	2023	2022
	\$	\$
Depreciation of right-of-use assets	389,534	440,162
Interest expense on lease liabilities (Note 6)	29,333	27,280
Lease expense – short-term leases (included in other operating expenses)	39,742	19,764
Lease expense – low-value leases (included in other operating expenses)	1,287	1,261
	459,896	488,467

(d) Total cash outflow for all the leases

The Group had total cash outflows for leases of \$532,941 in 2023 (2022: \$540,881).

(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 judgment in determining whether these extension options are reasonably certain to be exercised (Note 3.1(a)).

23 Commitments

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	
	2023	2022
	\$	\$
Approved and contracted for: Property, plant and equipment	28,743	15,692

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24 Contingencies

Guarantees

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

- Performance of contracts of \$12,602 (2022: \$12,602).

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

25 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.

25.1 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Financial risk management objective and policies (continued)

25.1 Credit risk (continued)

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:

	2023		2022	
	\$	% of	\$	% of
The Group				
By country:				
Singapore	2,114,146	78%	2,131,881	74%
Malaysia	14,385	1%	632,949	22%
Other countries	577,873	21%	99,382	4%
	2,706,404	100%	2,864,212	100%
By segment:				
Critical airflow design and supply	2,704,298	99%	2,808,120	98%
Engineering services	2,106	1%	56,092	2%
	2,706,404	100%	2,864,212	100%

At the end of the reporting period, approximately 92% (2022: 77%) of the Group's trade receivables were due from 5 (2022: 5) major customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Financial risk management objective and policies (continued)

25.1 Credit risk (continued)

Credit risk concentration profile (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	\$	\$	
The Group				
2023				
Not past due	0.00	2,385,034	–	No
Trade receivables past due:				
Less than 30 days	0.00	258,427	–	No
30 – 60 days	0.00	34,077	–	No
61 – 90 days	0.00	28,866	–	No
More than 90 days	100.00	1,322,901	1,322,901	Yes
		<u>4,029,305</u>	<u>1,322,901</u>	
2022				
Not past due	0.00	2,250,611	–	No
Trade receivables past due:				
Less than 30 days	0.00	508,025	–	No
30 – 60 days	0.00	105,576	–	No
61 – 90 days	0.00	–	–	No
More than 90 days	100.00	1,488,730	1,488,730	Yes
		<u>4,352,942</u>	<u>1,488,730</u>	

Management estimates the loss allowance on contract assets at an amount equal to lifetime expected credit losses (ECL) taking into account the historical default experience and the future prospects of the industry. No allowance for expected credit losses is made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Financial risk management objective and policies (continued)

25.1 Credit risk (continued)

Credit risk concentration profile (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers (continued):

	Weighted average loss rate %	Gross carrying amount \$	Impairment loss allowance \$	Credit impaired \$
The Company				
2023				
Not past due	0.00	1,712,294	–	No
Trade receivables past due:				
More than 90 days	100.00	780,456	780,456	Yes
		<u>2,492,750</u>	<u>780,456</u>	
2022				
Not past due	0.00	397,612	–	No
Trade receivables past due:				
More than 90 days	54.87	1,422,440	780,456	Yes
		<u>1,820,052</u>	<u>780,456</u>	

Expected credit losses

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

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Movement in allowance accounts:				
At 1 January	1,488,730	1,611,820	16,342,196	17,614,929
Charge for the year	62,638	–	–	–
Written off	–	–	–	(1,272,733)
Deconsolidation of a subsidiary	(179,360)	–	(99,762)	–
Exchange differences	(49,107)	(123,090)	–	–
At 31 December	<u>1,322,901</u>	1,488,730	<u>16,242,434</u>	16,342,196

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Financial risk management objective and policies (continued)

25.1 Credit risk (continued)

Credit quality of trade and other receivables and contract assets

The Group uses the simplified approach in calculating ECL for trade receivables and contract assets that do not contain a significant financing component. The Group applies the practical expedient to calculate ECL using a provision matrix. Such a matrix is supported by historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions, based on days past due status.

Other receivables are due from creditworthy debtors such as debtors with good payment records and strong financial position. Cash and bank balances including fixed deposits are placed with major financial institutions with high credit ratings. The other receivables and cash and bank balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

25.2 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") and Euro ("EUR").

Analysis of amounts denominated in non-functional currency:

	USD \$	EUR \$
2023		
<u>The Group</u>		
Trade and other receivables	831,597	-
Cash and cash equivalents	8,277,262	2,038
Trade and other payables	(1,683,123)	-
Currency exposure	<u>7,425,736</u>	<u>2,038</u>
<u>The Company</u>		
Trade and other receivables	16,393	-
Cash and cash equivalents	4,351,123	-
Currency exposure	<u>4,367,516</u>	<u>-</u>
2022		
<u>The Group</u>		
Trade and other receivables	939,972	99,382
Cash and cash equivalents	4,638,842	131,798
Trade and other payables	(2,317,146)	-
Currency exposure	<u>3,261,668</u>	<u>231,180</u>
<u>The Company</u>		
Trade and other receivables	86,223	-
Cash and cash equivalents	1,359,571	-
Currency exposure	<u>1,445,794</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Financial risk management objective and policies (continued)

25.2 Foreign currency risk (continued)

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) Profit or Loss	
		2023	2022
		\$	\$
<u>The Group</u>			
USD/SGD	– strengthened 5% (2022: 5%)	308,200	135,400
	– weakened 5% (2022: 5%)	(308,200)	(135,400)
EUR/SGD	– strengthened 5% (2022: 5%)	100	9,600
	– weakened 5% (2022: 5%)	(100)	(9,600)
<u>The Company</u>			
USD/SGD	– strengthened 5% (2022: 5%)	181,300	60,000
	– weakened 5% (2022: 5%)	(181,300)	(60,000)

25.3 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 does not have exposure to market risk for changes in interest rates as it does not have any financial instruments which bear variable interest rates.

25.4 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 2023

25 Financial risk management objective and policies (continued)

25.4 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 1 year \$	Between 2 and 5 years \$	Total \$
The Group			
As at 31 December 2023			
Financial liabilities:			
Trade and other payables*	2,829,652	–	2,829,652
Lease liabilities	303,052	875,631	1,178,683
Total undiscounted financial liabilities	3,132,704	875,631	4,008,335
As at 31 December 2022			
Financial liabilities:			
Trade and other payables*	8,702,521	–	8,702,521
Lease liabilities	391,020	190,140	581,160
Total undiscounted financial liabilities	9,093,541	190,140	9,283,681

* Exclude non-financial liabilities of \$274,224 (2022: \$361,011).

	Less than 1 year \$	Between 2 and 5 years \$	Total \$
The Company			
As at 31 December 2023			
Financial liabilities:			
Trade and other payables**	1,390,408	–	1,390,408
Lease liabilities	103,433	–	103,433
Total undiscounted financial liabilities	1,493,841	–	1,493,841
As at 31 December 2022			
Financial liabilities:			
Trade and other payables**	2,193,387	–	2,193,387
Lease liabilities	110,620	103,433	214,053
Total undiscounted financial liabilities	2,304,007	103,433	2,407,440

** Exclude non-financial liabilities of \$121,892 (2022: \$127,538).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 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 2023 and 31 December 2022.

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net cash	(18,295,097)	(18,021,605)	(13,805,581)	(10,100,481)
Equity	22,363,918	15,622,615	15,469,039	11,056,914
Total Capital	4,068,821	(2,398,990)	1,663,458	956,433
Gearing ratio	N/A	N/A	N/A	N/A

There were no externally imposed capital requirements in place for the financial years ended 31 December 2023 and 31 December 2022.

27 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. The Managing Director (the Group's chief operating decision maker) monitors the operating results and reviews the internal management reports of its business units for the purpose of performance assessment. Each segment is managed by the respective Business Unit Head ("BUH"):

Critical airflow design and supply

Critical airflow design and supply relates to revenue generated from the design, manufacture and supply of critical airflow and related products including ETFE-coated ducts, uncoated stainless steel ducts and critical airflow systems 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 2023

27 Statement of operations by segments (continued)

(a) Business segments

Financial year ended 31 December 2023

	Critical airflow design and supply \$	Engineering services \$	Corporate \$	Total \$
REVENUE				
Total Segment	21,941,937	162,170	7,539,887	29,643,994
Less: Inter-segment	(6,315,484)	-	(7,539,887)	(13,855,371)
External sales	<u>15,626,453</u>	<u>162,170</u>	<u>-</u>	<u>15,788,623</u>
RESULTS				
Segment results	<u>4,962,391</u>	<u>3,172,164</u>	<u>191,765</u>	8,326,320
Income tax expense				(771,450)
Non-controlling interest				<u>(98,641)</u>
Net profit attributable to owners of the Company				<u>7,456,229</u>
ASSETS				
Segment assets	<u>14,738,131</u>	<u>696,950</u>	<u>14,081,236</u>	<u>29,516,317</u>
LIABILITIES				
Segment liabilities	<u>5,059,734</u>	<u>209,764</u>	<u>1,640,468</u>	<u>6,909,966</u>
OTHER INFORMATION				
Bad debts written off				
Capital expenditure	71,149	-	-	71,149
Depreciation	610,897	-	112,332	723,229
Allowance for impairment loss on trade and other receivables	62,638	-	-	62,638
Inventories written back, net	<u>(6,901)</u>	<u>-</u>	<u>-</u>	<u>(6,901)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27 Statement of operations by segments (continued)

(a) Business segments (continued)

Financial year ended 31 December 2022

	Critical airflow design and supply \$	Engineering services \$	Corporate \$	Total \$
REVENUE				
Total Segment	51,170,620	642,703	7,747,808	59,561,131
Less: Inter-segment	(13,644,191)	–	(7,747,808)	(21,391,999)
External sales	<u>37,526,429</u>	<u>642,703</u>	<u>–</u>	<u>38,169,132</u>
RESULTS				
Segment results	<u>6,904,155</u>	<u>(175,210)</u>	<u>2,263,470</u>	8,992,415
Income tax expense				(1,131,687)
Non-controlling interest				<u>49,732</u>
Net profit attributable to owners of the Company				<u>7,910,460</u>
ASSETS				
Segment assets	<u>17,778,996</u>	<u>216,014</u>	<u>10,655,528</u>	<u>28,650,538</u>
LIABILITIES				
Segment liabilities	<u>7,400,243</u>	<u>3,493,465</u>	<u>2,028,024</u>	<u>12,921,732</u>
OTHER INFORMATION				
Bad debts written off	–	16,258	–	16,258
Capital expenditure	288,620	–	6,102	294,722
Depreciation	656,799	9,705	155,522	822,026
Inventories written down, net	<u>38,821</u>	<u>–</u>	<u>–</u>	<u>38,821</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27 Statement of operations by segments (continued)

(b) Geographical segments

	2023	2022
	\$	\$
Revenue		
Asia	14,549,123	37,448,396
Others	1,239,500	720,736
	15,788,623	38,169,132

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

	2023	2022
	\$	\$
Total non-current assets		
Singapore	172,555	493,181
Malaysia	1,894,935	1,419,061
	2,067,490	1,912,242

28 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 2023 and 31 December 2022, the Group and the Company had no financial instruments measured at fair value using valuation techniques.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

29 Categories of financial instruments

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

	The Group		The Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial assets				
<i>At amortised cost</i>				
Trade and other receivables*	2,953,136	3,163,901	1,819,509	1,787,241
Fixed deposit pledged	88,085	90,209	30,000	30,000
Cash and cash equivalents	19,237,508	18,493,262	13,876,748	10,277,628
	22,278,729	21,747,372	15,726,257	12,094,869
Financial liabilities				
<i>At amortised cost</i>				
Trade and other payables**	2,829,652	8,702,521	1,390,408	2,193,387
Lease liabilities	1,178,683	581,160	103,433	214,053
	4,008,335	9,283,681	1,493,841	2,407,440

* Exclude non-financial assets of the Group amounting to \$276,563 (2022: \$Nil).

** Exclude non-financial liabilities of the Group and the Company amounting to \$2,308,721 (2022: \$2,513,566) and \$121,892 (2022: \$127,538) respectively.

30 Event subsequent to year end

Subsequent to the financial year-end, on 19 January 2024, the Company repurchased 3,130,100 of its own ordinary shares by way of market acquisition for a consideration of \$143,075.

The repurchased ordinary shares are held as treasury shares.

31 Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statements of financial position and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

31 Reclassification and comparative figures (continued)

The items were reclassified as follows:

	As previously reported	2022 Reclassification	As reclassified
	\$	\$	\$
Group			
Statement of financial position			
Trade and other payables	11,216,088	(2,152,556)	9,063,532
Contract liabilities	64,513	2,152,556	2,217,069

32 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 2 April 2024.

SHAREHOLDINGS STATISTICS

As at 13 March 2024

Number of Issued Shares	:	498,498,498
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings ⁽¹⁾)	:	473,715,498
Number of Treasury Shares	:	24,783,000
Number of Subsidiary Holdings	:	0
Percentage of Treasury Shares and Subsidiary Holdings	:	5.23% ⁽²⁾
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 1967).
- (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	17	2.73	175	0.00
100 – 1000	40	6.42	31,083	0.01
1,001 – 10,000	126	20.22	839,266	0.17
10,001 – 1,000,000	406	65.17	52,874,558	10.60
1,000,001 and above	34	5.46	444,753,416	89.22
Total	623	100.00	498,498,498	100.00

LIST OF 20 LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LOH YIH	100,877,558	21.30
2	PHILLIP SECURITIES PTE LTD	75,458,558	15.93
3	GOH TIOW GUAN	50,600,000	10.68
4	CAVANGH GROUP PTE LTD	47,380,000	10.00
5	IFAST FINANCIAL PTE LTD	25,217,400	5.32
6	KELVIN KWOK YING CHOY	19,542,800	4.13
7	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	15,287,900	3.23
8	ABN AMRO CLEARING BANK N.V.	11,244,400	2.37
9	TRIPLESTAR CAPITAL PTE LTD	11,120,000	2.35
10	DB NOMINEES (SINGAPORE) PTE LTD	6,500,000	1.37
11	TAN CHOW KHONG	6,400,000	1.35
12	RAFFLES NOMINEES (PTE) LIMITED	5,759,500	1.21
13	TAN SOON LAN	4,961,000	1.05
14	QUEK POK YEOW STEPHEN (GUO BOYAO)	4,500,000	0.95
15	DBS NOMINEES PTE LTD	3,961,200	0.84
16	WONG KOK CHYE	3,781,500	0.80
17	LAW PENG KWEE	3,543,100	0.75
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	2,517,500	0.53
19	HILLS HOLDINGS PTE LTD	2,280,000	0.48
20	MAYBANK SECURITIES PTE. LTD.	1,945,000	0.41
	TOTAL:	402,877,416	85.05

SHAREHOLDINGS STATISTICS

As at 13 March 2024

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Number of Shares fully paid			
	Direct Interest	%	Deemed Interest	%
Loh Yih ⁽¹⁾	100,877,558	21.30	47,380,000	10.00
Cavangh Group Pte Ltd ⁽¹⁾	47,380,000	10.00	–	–
Goh Tiow Guan	50,900,000	10.74	–	–
Ho Ta-Huang ⁽²⁾	–	–	45,583,000	9.62
Chern Dar Enterprise Co. Ltd ⁽³⁾	–	–	45,583,000	9.62
Kelvin Kwok Ying Choy	61,214,700	12.92	–	–

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 13 March 2024, approximately 35.41% 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**" or "**Meeting**") of Acesian Partners Limited (the "**Company**") will be held at 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082 on Thursday, 25th day of April 2024 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 2023, 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 2023 (2022: S\$80,000.00). **(Resolution 2)**
3. To re-elect Mr. Neo Gim Kiong*, who is retiring as a Director by rotation under Regulation 89 of the Company's Constitution, and who, being eligible, offers himself for re-election. **(Resolution 3)**

[See Explanatory Note (i)]

Note: Mr Low Ka Choon Kevin, who is retiring by rotation under Regulation 89 of the Company's Constitution, will not be seeking re-election as Director of the Company.

[See Explanatory Note (ii)]

4. To re-appoint PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**
5. 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:-

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

That pursuant to Section 161 of the Companies Act 1967 (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

* For details of Mr Neo's disclosure pursuant to Rule 720(5) of the Catalist Rules, please refer to pages 29 to 32 of the Annual Report 2023.

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 5)**
[See Explanatory Note (iii)]

7. **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
 - (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,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and provisions, including but not limited to the Catalist 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

- (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 6)

[See Explanatory Note (iv)]

NOTICE OF ANNUAL GENERAL MEETING

8. **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 7)

[See Explanatory Note (v)]

9. **Acesian Performance Bonus Share Plan 2022**

That:

- (1) grant award shares in accordance with the provisions of the Performance Share Bonus Plan 2022 of the Company; and
- (2) allot and/or issue from time to time such number of fully paid-up award shares as may be required to be allotted and/or issued pursuant to the vesting of awards under the Performance Share Bonus Plan,

provided that the aggregate number of award shares to be allotted and/or issued pursuant to the Performance Share Scheme and any other share based schemes of the Company shall not exceed 15% of the total issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(Resolution 8)

[See Explanatory Note (vi)]

10. **Participation by Mr Loh Yih, An Executive Director and Managing Director and a Controlling Shareholder of the Company, in the Performance Bonus Share Plan 2022**

That subject to and contingent upon Resolution 8 being passed, approval be and is hereby given for the participation by Mr Loh Yih in the Performance Share Plan 2022.

(Resolution 9)

[See Explanatory Note (vii)]

BY ORDER OF THE BOARD

LOH YIH
EXECUTIVE DIRECTOR AND MANAGING DIRECTOR

9 APRIL 2024
SINGAPORE

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) If re-elected under Resolution 3, Mr. Neo Gim Kiong will remain as Non-Executive Chairman and Lead Independent Non-Executive Director, Chairman of each of the Audit Committee and Nominating Committee and a member of the Remuneration Committee of the Company. The Board considers Mr. Neo Gim Kiong independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Mr. Neo Gim Kiong can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report for the financial year ended 31 December 2023 ("**Annual Report 2023**").
- (ii) Mr Low Ka Choon Kevin, who retires by rotation under Regulation 89 of the Company's Constitution, will not be seeking re-election as Director of the Company. Accordingly, Mr Low Ka Choon Kevin will step down as an Independent Director, Chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nominating Committee of the Company immediately following the conclusion of the AGM.
- (iii) Resolution 5, 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 6, 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 to Shareholders dated 9 April 2024 ("**Circular**").
- (v) Resolution 7, if passed, will authorise the Interested Person Transactions as described in the Circular 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.
- (vi) Resolution 8, if passed, will empower the Directors to grant award shares pursuant to the Performance Share Bonus Plan 2022 and allot and/or issue fully paid-up award shares pursuant to the vesting of awards under the Performance Share Bonus Plan 2022.

Approval for the Performance Share Bonus Plan 2022 was given by shareholders at the Extraordinary General Meeting of the Company held on 27 April 2022 ("**2022 EGM**") and renewed by shareholders at the AGM held on 27 April 2023. The grant of award shares under the Performance Share Bonus Plan 2022 will be made in accordance with the rules of the Performance Share Scheme as set out in the circular to shareholders dated 5 April 2022 issued by the Company ("**2022 Circular**").
- (vii) Resolution 9, if passed, will enable the participation in the Performance Share Bonus Plan 2022 by Mr Loh Yih, the Executive Director and Managing Director and a Controlling Shareholder of the Company.

Approval for the Performance Share Bonus Plan 2022 was given by shareholders at the 2022 EGM. The grant of award shares under the Performance Share Bonus Plan will be made in accordance with the rules of the Performance Share Bonus Plan as set out in the 2022 Circular.

Notes:-

- (i) The members of the Company are invited to **attend physically** at the AGM. There will be no option for Shareholders to participate virtually.
- (ii) Members may participate in the AGM by:
 - (a) attending the AGM in person;
 - (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) voting at the AGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

NOTICE OF ANNUAL GENERAL MEETING

- (iii) CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the Meeting) to attend, to speak and/or to vote at the AGM on their behalf. They may:
- (a) attend and vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators. CPF and SRS investors who wish to attend and to vote at the AGM should contact their respective CPF Agent Banks/SRS Operators and request to be appointed as proxies for the AGM; or
 - (b) appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM. They should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5:00 p.m. on 15 April 2024, being seven working days before the AGM.
- (iv) Members may ask questions relating to the business of the AGM at the Meeting, or submit questions via email to generalmeetings@acesian.com in advance of the AGM by 17 April 2024 (5.00 p.m.).

When submitting the questions, please provide the Company with the following details, for verification purposes:-

- (i) Full Name;
- (ii) NRIC/Passport Number;
- (iii) Current Address;
- (iv) Contact Number; and
- (v) Number of Shares Held

Please also indicate the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address the substantial and relevant questions prior to and/or at the AGM. If addressed prior to the AGM, the responses to questions from members will be posted on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the URL <http://www.acesian.com> by 22 April 2024 (if questions are submitted in advance by 17 April 2024 and answered prior to the AGM). The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the 17 April 2024 submission deadline which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received at the AGM, at the AGM itself. The responses will be included in the minutes of the AGM and published on SGX website and the Company's corporate website within one month from the date of the AGM.

Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions will be individually addressed.

- (v) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

- (vi) A proxy need not be a member of the Company.
- (vii) The instrument appointing a proxy or proxies 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,

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

NOTICE OF ANNUAL GENERAL MEETING

Printed copies of this Notice and Proxy Form will be sent to members. A copy of this Notice and Proxy Form can also be accessed electronically by the members on the Company's website at the URL <http://www.acesian.com>, and on the SGX website at <http://www.sgx.com/securities/company-announcements>. A member who wishes to submit an instrument of proxy must 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.

- (viii) The Annual Report 2023 and the Circular (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>. Printed copies of the Annual Report 2023 and the Circular will be sent to members.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents and service providers) for the purpose of the processing, administration and analysis by the Company (or its agents and service providers) of the proxies and representatives appointed 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 and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents and service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This Notice has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd., (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST 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. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271.

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ACESIAN PARTNERS LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors may:
 - (a) vote at the AGM if they are appointed as proxy(ies) by their respective CPF Agent Banks/SRS operators, and should contact their respective CPF Agent Banks/SRS operators if they have any queries regarding their appointment as proxy(ies); or
 - (b) appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks/SRS operators to submit their votes by 5:00 p.m. on 15 April 2024, being seven working days before the date of the AGM.

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

of _____ (Address)

being a member/members of Acesian Partners Limited (the "**Company**"), hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person/persons, the Chairman of the Annual General Meeting (the "**Meeting**" or "**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held at 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082 on Thursday, 25th day of April 2024 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from the Resolutions to be proposed at the AGM as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Voting will be conducted by poll. In respect of any resolution, if you wish to exercise all your votes "**For**", "**Against**" or "**Abstain**", please tick [✓] within the relevant box provided. Alternatively, please indicate the number of votes as appropriate within the relevant box.)

No.	Resolutions relating to:	For	Against	Abstain
	Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023, 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 2023			
3.	Re-election of Mr. Neo Gim Kiong as a Director of the Company			
4.	Re-appointment of PKF-CAP LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
	Special Business			
5.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act 1967			
6.	To renew the Share Buy Back Mandate			
7.	To renew the Interested Persons Transactions Mandate			
8.	Authority to grant and allot and/or issue award shares pursuant to the Acesian Performance Bonus Share Plan 2022 (" PSP 2022 ")			
9.	To approve the participation by Mr. Loh Yih, a controlling shareholder, in the PSP 2022			

Dated this _____ Day of _____ 2024

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 of the Company ("**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 2001), 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.
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

Pursuant to Section 181(6) of the Companies Act 1967, a Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

If a member wishes to appoint the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies 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, in either case, not less than 48 hours before the time appointed for holding the AGM.

Printed copies of this proxy form will be sent to members, and 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>. A member who wishes to submit an instrument of proxy must 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.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy or proxies 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 a proxy or proxies is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing a proxy or proxies 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 a proxy or proxies 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 a proxy or proxies (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 a proxy or proxies 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.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2024.



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