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

ANNUAL GENERAL MEETING TO BE HELD ON 25 APRIL 2025
RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Acesian Partners Limited ("**Acesian**" or the "**Company**", together with its subsidiaries, collectively the "**Group**") would like to thank shareholders for submitting their questions in advance of the Company's Annual General Meeting ("**AGM**") to be convened and held by a physical meeting on Friday, 25 April 2025 at 10.00 a.m. (Singapore time).

The Company has consolidated the substantial and relevant questions received, made editorial amendments to, or rephrased, some of the questions to ensure that the context of these questions is clearer.

Please refer to Annex A for the list of substantial and relevant questions and the Company's responses to these questions.

It is important to note that these questions and responses should be read in conjunction with the Company's Annual Report for the financial year ended 31 December 2024 ("**AR2024**"). All capitalised terms used but not defined in this announcement shall have the same meanings given to them in the AR2024, unless otherwise expressly stated or the context otherwise requires.

BY ORDER OF THE BOARD

Loh Yih
Managing Director
17 April 2025

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*This announcement 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 "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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

Annex A: Questions from shareholders and the Company's responses

1. Beyond the semiconductor sector, is the Company exploring or observing demand for its specialised ductwork in other industries with high specification standards such as medical facilities, advanced industrial or process engineering applications, or the offshore and marine sector?

2. Recognising the risks associated with a heavy reliance on cyclical semiconductor projects, which can result in unpredictable or 'lumpy' revenue, what specific actions or initiatives is the Company undertaking to target and penetrate alternative markets in order to build a more balanced portfolio? Please elaborate on the progress made to date.

3. What is the Company's specific strategy for increasing sales outside of Asia? Does this strategy include establishing partnerships with sales agents, distributors, or installers in targeted regions?

4. Specifically, regarding the United States. market, is the Company actively pursuing opportunities to supply its ductwork to semiconductor plants in the United States? Given the potential advantages from comparatively lower tariff rates on Singaporean exports, this could represent a significant growth opportunity.

   Answers:
   The semiconductor industry is the major contributor to the Group's revenue, due to the applicability of our products in this sector, particularly ETFE-coated ductwork products which are in high demand.

   Our ductwork and other specialised exhaust system components are also used in various other industries, such as the healthcare sector. The Group is actively exploring cross-sectoral diversification as well as new product offerings and solutions to increase and diversify its revenue streams. The goal is for the Group to transition from being merely a product manufacturer and seller to a provider of solutions and technologies. The U.S. is one of our key target markets given the presence of major semiconductor players and a strong pipeline of upcoming projects. However, recent intense U.S. tariff conflicts have increased existing trade barriers, further heightening uncertainty and the Group is monitoring the situation closely in order to assess the implications on its growth and diversification plans.

   As part of our talent-building efforts, we have brought in new management team members who bring fresh ideas, business vibrancy, contacts, and networks. These initiatives help us to develop the business, expand internationally, and diversify our product offerings across various industries, while also strengthening our business management, marketing, and customer relationships.

   Furthermore, we believe that our increased production capabilities, improved product quality, and reduced lead times (as disclosed on page 3 of the Letter to Shareholders in the Annual Report 2024) will help pave the way for our international expansion. By leveraging the strong relationships and significant recognition from our existing customers and end-users, particularly prominent chip manufacturers, we are well-positioned for overseas growth. These relationships were built on the successful delivery of multiple large-scale projects in Singapore and Malaysia. Our strong project references are proving to be valuable assets, serving as a springboard to accelerate the vendor prequalification process in other countries.

   These initiatives and developments require persistence, discipline, and long-term commitment.

5. How does the pricing of our specialised ductwork compare to products used in other markets, such as standard ACMV systems or kitchen exhaust systems? Could these adjacent segments represent viable opportunities for diversification?

   Answers:
   The pricing of our specialised ductwork products generally commands a premium compared to typical industrial ductwork, due to various factors, including, but not limited to, stringent manufacturing processes, high product quality, brand reputation, custom design, required

certifications, regulatory compliance, and value-added services such as logistics management, and project management.

6. In addition to project-based revenue, are there opportunities to develop recurring revenue streams, such as maintenance contracts for installed systems, and is the Company actively pursuing these opportunities?

   Answers:
   The project-based business is the primary contributor to the Group's revenue, while recurring revenue such as from the duct replacement business, accounts for a relatively smaller portion. As mentioned in the responses to queries 1 to 4 above, the Group is actively seeking out opportunities to develop recurring revenue streams from its diversification efforts.

7. The report indicates that $884,475, representing 11.3% of total revenue, was derived from customers outside Asia in 2024. While the absolute amount is lower than in 2023 ($1,239,500 or 7.9%), the increased percentage highlights the growing importance of geographical diversification, particularly given the market size limitations within Singapore and Malaysia.

   a. Could the Board provide further details about the customers located outside of Asia?

      Answers:
      The revenue from outside Asia in 2024 and 2023 was derived from smaller projects for existing customers. The increase in revenue outside Asia in 2024 is mainly attributed to lower project-based revenue in Asia. As clarified in the response above, expanding our international presence is both a key intention and one of our strategic initiatives.

   b. To clarify the nature of this revenue, are these sales classified as revenue from outside Asia because the products were physically shipped and installed overseas, or because the purchase orders originated from companies headquartered outside Asia, even if the projects themselves were located within Asia?

      Answers:
      In the financial note 27 (b) Geographical segments, revenue reported under "Others" refers to goods delivered and shipped to overseas customers outside the Asia region.

8. We observe that the Company holds a significant cash balance of $18.4 million, reportedly higher than its current market capitalization, and maintains very little debt. It's understood that past dividends have been withheld due to Accumulated Losses on the Balance Sheet.

   With the accumulated losses of the Company now reduced to approximately $0.55 million, can shareholders reasonably expect the Board to consider initiating dividend payments in the current fiscal year?

   Answers:
   The Company and the Board regularly reviews its dividend policy to ensure it aligns with its financial performance, position, and overall strategy and to ensure that the Group has sufficient resources in light of the uncertain global trading environment. The Board continues to adopt a wait-and-see approach in managing its financial resources due to the changing position on tariffs and trade policy of the U.S., and any decision on declaration of dividends can only be made when there is greater clarity on the macro-economic environment.

9. The report indicates that the Managing Director's remuneration for 2024 was equivalent to 7.4% of the Company's total revenue for the year.

   a. Could the Remuneration Committee explain to minority shareholders the rationale behind deeming this level of compensation reasonable, particularly considering the significant decrease in revenue in 2024 (approximately 50% lower than 2023 and 80% lower than 2022)?

Answers:
The remuneration of the Managing Director consists of a fixed salary and performance-based remuneration. The performance-based remuneration has decreased significantly, corresponding to the drop in profitability in FY2024. The fixed salary, however, represented a much lower percentage of revenue in FY2023 and FY2022. The Company and the Remuneration Committee reviews performance by taking into consideration, among other factors, the Group and individual performance, macro market conditions, as well as current and past performance.

b. Considering this revenue trend and after a decade under the current leadership, has the Board assessed whether sufficient value is being generated for shareholders?

Answers:
The equity attributable to owners of the Company increased to S$22.8 million in FY2024, up from S$10.2 million in FY2017, reflecting a remarkable increase of S$12.6 million, or 123.9%. This solid performance underscores the significant progress we have made since the business transformation began in 2018 when the Group shifted its focus toward transforming and expanding the duct business, moving beyond the disruptions and distractions caused by prior legal conflicts.

10. The ongoing costs associated with maintaining a public listing appear substantial relative to the Company's current revenue, which remains heavily concentrated in the semiconductor sector.

Given the persistent challenges in diversifying the Company's revenue streams away from this cyclical sector, has the Board considered strategic alternatives, such as seeking a sale of the business, which could potentially unlock the value of the Company's assets (including its strong cash position) and return capital to shareholders?

Answers:
The Company does not intend to sell the ductwork business, which comprises 98.9% of the Group's revenue for FY2024, for the foreseeable future, as it remains a core part of the Group and continues to be profitable, despite a lower profit in FY2024. The Group is undertaking various strategic initiatives to expand its business both locally and internationally, as well as diversify its revenue streams by, *inter alia*, diversification of products offerings across various industries.