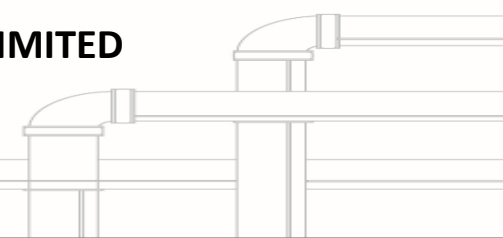


ACESIAN PARTNERS LIMITED

Incorporated in Singapore
(Co. Reg. No.: 199505699D)



SUSTAINABILITY REPORT 2018

CORPORATE PROFILE

Founded in Singapore in 1998, Acesian Partners Limited ("Acesian") is a multi-disciplinary group serving as a one-stop provider for environmental solutions and integrated services to diverse industries including the semiconductor, wastewater treatment, chemical, pharmaceutical and biotechnological industries. The Company was successfully listed on the SGX Sesdaq (now known as Catalist) in February 2005. In late 2015, we set up our latest business unit, Information Communication Technologies ("ICT"), dedicated to meet the needs of the audio-visual industry and providing a one stop

solution to our contractors, consultants and customers, where our products range from simple video conferencing solution to large-scale command centre to integrated video wall set up.



BOARD STATEMENT ON OUR SECOND SUSTAINABILITY REPORT

Acesian is committed to sustainability and with our vision and values in mind, we are making effort to incorporate the key principles of environment, social and governance (ESG) into our businesses. Having considered sustainability issues as part of its strategic formulation, the Board determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

We recognise that creating sustainable value for our stakeholders remains at the core of our business to ensure success and longevity of the business. Apart from achieving business goals based on good business fundamentals and conducts, Acesian is committed to performance with integrity and adopting a balanced approach to managing expectations

between business growth, meeting the needs of our stakeholders, governance, 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 intend to focus on continuous improvement that balance today's needs with longer term developments.

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

Yours faithfully,
For and on behalf of the Board,

Wong Kok Chye
(Chief Operating Office and Executive Director)
30 May 2019

REPORTING LOCATIONS, BOUNDARIES AND PERIOD

For the purpose of this report which covers the financial year 2018 ("FY2018"), we focus primarily on our business operations in Singapore and Malaysia on issues that impact

From the results of our engagement with key stakeholders, we have performed a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our businesses today and taking into consideration of the following:

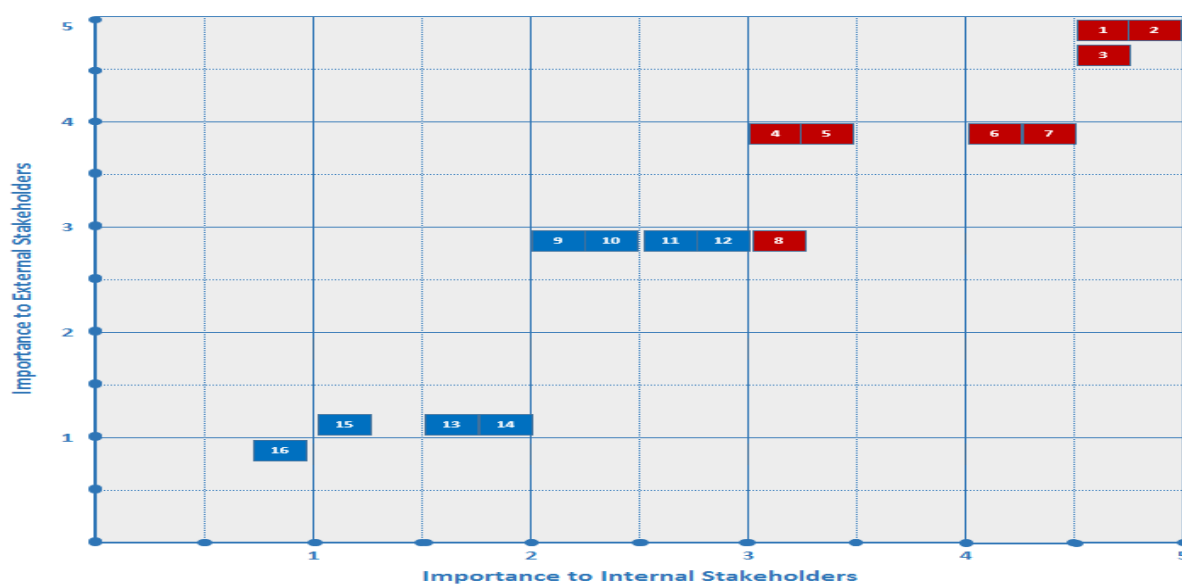
- Those risks ranked as high impact and likelihood of occurrence to the Group, and;
- Those that are ranked as high and critical by both our internal and external stakeholders for sustainability issues.

business growth and are of utmost importance to our stakeholders. A sustainability report will be published annually in accordance with our SR Policy and uploaded on the SGXNet.

DEFINING OUR MATERIALITY ISSUES

Accordingly, we focus our sustainability efforts and reporting on these issues. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues, identified and prioritised the material issues abased on importance to our stakeholders and the sustainability impact to our businesses.

OUR MATERIALITY MATRIX



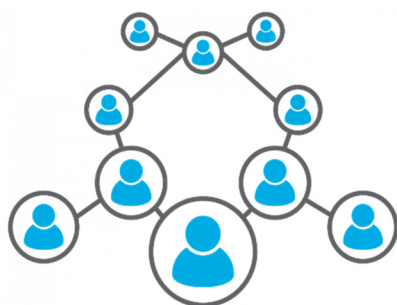
ISSUE

| | | | |
|---|---|----|--|
| 1 | Legal compliance and corporate governance | 9 | Water management |
| 2 | Service quality and responsibility | 10 | Supply chain and procurement practices |
| 3 | Health and safety | 11 | Wages and local hiring |
| 4 | Economic contribution to society | 12 | Business partners engagement |
| 5 | Anti-corruption and anti-fraud | 13 | Energy management |
| 6 | Training and staff development | 14 | Water conservation |
| 7 | Labour management relations | 15 | Environmental impact assessment and mitigation |
| 8 | Diversity and equal opportunities | 16 | Climate change and emission |





SUSTAINABILITY REPORTING FRAMEWORK

In preparing this sustainability report, we were guided by the Global Reporting Initiative (“GRI”) Standards: Core option, a globally-recognised and generally accepted standard for sustainability reporting. Unless otherwise stated, the report covers the Economic, Social and Governmental (ESG) performance of Acesian’s main activities in Singapore and Malaysia.

STAKEHOLDER ENGAGEMENT



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

| Key stakeholder | How we engage them | Key topics |
|--|--|---|
| 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 |
| CUSTOMERS  | <ul style="list-style-type: none"> • Direct engagement, ongoing dialogues and feedback | <ul style="list-style-type: none"> • Offer premium product / service at competitive pricing • Safe and reliable product • Project timeliness • Customer health and safety |
| EMPLOYEES  | <ul style="list-style-type: none"> • Management committee • Open annual performance appraisal system to link performance with remuneration • Training and education opportunities | <ul style="list-style-type: none"> • Competitive remuneration and benefits • Career development and trainings • Ethical and conduct • Job security |
| INVESTORS AND SHAREHOLDERS  | <ul style="list-style-type: none"> • Annual reports • SGX half yearly announcement • AGM / EGM | <ul style="list-style-type: none"> • Financial performance • Corporate governance • Business and growth strategies |

ECONOMIC

Economic Contribution to Society

The Group has two major pillars in manufacturing, distribution and services & information communication technologies. It operates in a dynamic and competitive business environments and with growing demands and expectations from our business partners in particular our customers.

The steps taken to turn around and strengthen the financial position of the Group has yielded positive results. We have reoriented and restructured our businesses and drawing attention away from the distractions arising from the legal disputes over the past years which put an immense strain on our resources. Despite the difficult situation the Group is facing, the performance in FY2018 was markedly better in which the Group registered an increase in revenue to S\$20.5 million as compared to S\$12.0 million in FY2017. The Group has recorded net profit after tax of S\$1.1 million, against a net loss of S\$2.4 million in FY2017. For more details, please refer to our annual report FY2018.



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 a 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.



Target FY2019:

To continue to grow recurring profits



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 are important issues of interest to our stakeholders. The Group is committed to ensuring legal compliance in all areas of our business and uphold high standards of ethical business conduct.

For more details on our corporate government practices, please refer to our 'Corporate Governance Report' section in our annual report 2018.

Code of Ethics and Principles of Business Integrity

We believe that 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 the legal standards and best practices. Apart from setting out the code of ethics, the management is constantly reminding employees to abide by the code of ethics in our 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 against bribery, corruption or other malpractices which covers employees, business partners and other stakeholders. The Group has not received any reportable incident of corruption or bribery cases in the reported period.



Target FY2019:
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 and regulations and industry standards. Our management team aspire to achieve in their efforts to ensure that they are aware of and take steps to comply with legal and regulatory requirements.



Target FY2019:
To achieve full compliance with laws and regulations

ENVIRONMENT

Health and Safety

The health and safety is fundamental. We are committed to striving towards zero harm and 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 meeting or exceed industry standards and win the trust of our customers.



Target FY2019:

To achieve zero accidence of health and safety issue

The construction of our newly-expanded manufacturing facility which completed in early 2018, with the health, quality and safety in mind, has not only elevated the production capacity by three-fold, there have also been significant improvement in quality, efficiency and productivity. We have also invested substantially in machineries and equipment that helped to mitigate air pollutants and with noteworthy improvement in health and safety throughout the manufacturing process.



We recognise that effective quality systems training program is necessary to ensure that personnel involved in quality assurance have the skills needed to perform their responsibilities. The quality control process was redeveloped resulting in improved quality and delivery speed.



SOCIAL

Our People

Our employees are our greatest assets 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 ownership and empowerment of our employees and adopted an open and transparent performance appraisal exercise as well as provides platforms and opportunities for career development.

Diversity and Equality

We value diversity and consider 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 the skills, experience, knowledge and performance.

In 2018, the female employees represented 18% of our full-time headcount at group level and 57% at our corporate office. Due to the nature of our business, we have more male than female at operational level.

| Segment | Female | Male |
|--|--------|------|
| Corporate office | 57% | 43% |
| Manufacturing, distribution and services | 17% | 83% |
| Engineering services | 5% | 95% |
| Total | 18% | 82% |

Employee Retention

Our recruitment policy is based on meritocracy, prerequisite skills and academic qualifications required to perform the required job scope. It is geared toward attracting and retaining suitable talents to support our business growth. We reward good work performance by offering competitive remuneration packages and staff remuneration is compensated based on performance, expected roles and responsibilities. An open annual performance appraisal system to link performance with remuneration is adopted.



Target FY2019:
To aim to achieve 70% retention of employees

Social Affairs and Activities

Employees are the lifeblood of our company and collectively will predominantly 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. We are contemplating a renovation / facelift in 2019 and employee participation is encouraged. As an effort to

increase the employees' level of engagement and foster communication, various social activities were organised in 2018 such as "Hort Park Walk", cycling, birthday celebrations, sport activities, festive parties.



Target FY2019:

To maintain / increase the social activities

Christmas Party



Volunteer program



Hort Park Walk



Company Outings



Training and Development

The Group strives to improve and develop our employees and invests to upgrade our staff skills capability, increase work productivity and interpersonal competencies. This is crucial for building and updating skills needed to support our business operations. We send staff for seminars / training to keep them abreast with knowledge, work skills and technology. In 2018, we conducted an average 9 hours of training for employees.



Target FY2019:

To aim to increase the average training hours per FTE by 5%

| Average hours of training per year per employee FY2018 | | | |
|--|-------------|-------------------------|--|
| Total employees ^ | No. of days | No. of training hours * | Average no. of training hours per FTEE ^ |
| 84 | 98 | 783 | 9 |

* Assume 8 training hours per day

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

ACESIAN PARTNERS LIMITED

Sustainability report 2018

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 | 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, Business Portfolio (page 1) AR, Financial Review (page 2) AR, Twenty Largest Shareholders (page 99) 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 in respect to the operations. We will review this annually and may disclose this information in future if assessed to be material. |
| 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) |
| 102-15 | Key impacts, risks, and opportunities | AR, Letter to Shareholders (page 2) |
| Ethics and Integrity | | |
| 102-16 | Value, principles, standards, and norms of behaviour | AR, Report of Corporate Governance (page 7-32) |
| Governance | | |
| 102-18 | Governance structure of the organization | AR, Report of Corporate Governance (page 7-32) |
| 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 |

ACESIAN PARTNERS LIMITED

Sustainability report 2018

| 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 | FY2018 |
| 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: Core option |
| 102-55 | GRI content index | Sustainability Report > GRI Content Index |
| 102-56 | External assurance | None |