



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Acesian Partners Limited

**Security:** Acesian Partners Limited

**Meeting details:**

Date: 26 April 2019

Time: 10.00 a.m.

Venue: 33 Mactaggart Road #04-00, Lee Kay Huan Building, Singapore 368082

**Company Description**

Acesian Partners Limited, formerly Linair Technologies Limited, is a Singapore-based investment holding company. The Company is engaged in the business of supply and installation of environment-control exhaust systems from its component parts. It operates through three segments: Manufacturing, Engineering services, and Distribution and services. The Manufacturing segment offers manufacturing, supplying, installing and maintaining of ethylene tetrafluoroethylene (ETFE)-coated ducts, uncoated stainless steel ducts and galvanized ducts, which are integrated with third-party equipment, such as fume-hoods, scrubbers and fans for a complete environment-control system. The Engineering services segment provides facility construction management and specialist engineering. The Distribution and services segment offers distribution of the air-flow systems and Individual Ventilated Cages. The Company's subsidiaries include Acesian Engineering (M) Sdn. Bhd. and Acesian Engineering Pte. Ltd. (Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5FW](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5FW))

**Q1.** In the Corporate Profile, the company describes itself as a multi-disciplinary group serving as a one-stop provider for environmental solutions and integrated services to diverse industries. It was shown that its main business units are (i) Manufacturing, distribution and services and (ii) Information communication technologies (ICT) unit.

However, in Note 3.21 (page 64 – Revenue recognition), the revenue breakdown is shown as (a) Manufacturing revenue, (b) Engineering services revenue and (c) Distribution and services revenue).

- (i) Would the company help shareholders reconcile how the group is organised and how revenue is recognised? Specifically, how is the revenue from the ICT unit recognised?**
- (ii) In Note 30 (page 94 – Statement of operations by segments), under Engineering services, the group reported segment losses of \$(1.9) million in FY2018, \$(1.7) million in FY2017 and \$(3.3) million in FY2016. The segment last turned a profit in FY2015 amounting to \$0.66 million. Can management help shareholders understand the services provided by the Engineering services segment? What were the reasons for the large losses in the past three years? What are management’s pro-active plans to restore the profitability of the segment?**
- (iii) For the benefit of new and long-standing shareholders, would the board clearly articulate the business model and identify the value drivers.**

**Q2.** The profile of Mr Loh Yih is shown on page 4 of the annual report.

Mr Loh Yih was redesignated to managing director in August 2018 and 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. Mr Loh sits on Ban Leong Technologies Limited and International Press Softcom Limited as independent director.

Mr Loh is also appointed as a foreign director of Shandong Heavy Industry Group in September 2018.

The group’s performance has been mixed with losses as high as \$(2.4) million in the past 4 years. The cumulative loss in the last 4 years has been \$(1.09) million. In addition, the dispute involving Acesian Star (S) Pte Ltd (“ASPL”) and the main contractor is still ongoing. The external auditors have issued a disclaimer of opinion on the group’s financial statements.

- (i) Would Mr Loh help shareholders understand how much of his time, energy and attention does he devote to the group’s matters?**
- (ii) Is Mr Loh assuming the position of managing director on a full time basis?**

- (iii) Given that the group's performance has been mixed, would the group benefit from having a full time, committed managing director who would be focused to drive the group forward?**

**Q3.** The independent auditors have issued a Disclaimer of Opinion on the financial statements. The auditors have stated the following:

*We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.*

The basis for disclaimer of opinion are:

- 1) Opening balances and significant uncertainties - relating to Acesian Star (S) Pte. Ltd. ("ASPL")
- 2) Limitation of scope in auditing the financial statements of ASPL for the financial year ended 31 December 2018
- 3) The Company's investment in ASPL and amount due from ASPL

As at 31 December 2018, the unaudited total assets and liabilities of ASPL included in the group's statement of financial position are \$9,572,757 and \$3,343,085 respectively. However, as ASPL has been placed under Judicial Management, the JM has not completed ASPL's audit.

The audit committee consists of Neo Gim Kiong (as chairman), Ong Chin Lin and Ho Ta-Huang.

- (i) Can the audit committee (AC) disclose the level of oversight it has over ASPL? What is the level of communication with the JM?**
- (ii) What was the involvement of the AC members in the audit, especially relating to the basis for qualified opinion, i.e. recognising the total assets and liabilities of ASPL as \$9,572,757 and \$3,343,085 respectively, and net investment in ASPL of \$7,414,358?**
- (iii) Given that the company's independent auditor has issued a disclaimer of opinion (as detailed above), can the directors of the company justify how, in their opinion, 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 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in**



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111  
Tel: (65) 6227 2683 Fax: (65) 6220 6614  
Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)  
UEN No: S99SS0111B  
GST Reg No: M90367530Y

**accordance with the provisions of the Singapore Companies Act, Cap. 50  
(the “Act”) and Singapore Financial Reporting Standards (International)?**