

ACROMEK LIMITED

(incorporated in the Republic of Singapore)
(Company Registration Number: 2015440003M)



PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GOLDEN HARVEST ENGINEERING PTE LTD

1. INTRODUCTION

The Board of Directors (the “**Board**”) of ACROMEK Limited (the “**Company**”, and together with its subsidiary, the “**Group**”) wishes to announce that the Company had on 23 November 2016 entered into a share purchase agreement (the “**SPA**”) with Mr Liang Kum Keong and Mr Quek Ghee Leong (collectively, the “**Vendors**”) to acquire 102,000 ordinary shares of Golden Harvest Engineering Pte Ltd (“**Golden Harvest**”), representing 60% of its issued and paid-up share capital (the “**Proposed Acquisition**”).

Golden Harvest is a company incorporated in Singapore and has an issued and paid-up share capital of S\$170,000 comprising 170,000 ordinary shares. It was established by the Vendors in 1998. It mainly provides maintenance services for the air-conditioning and mechanical ventilation systems of buildings. It also undertakes minor installation works as part of its suite of services. Its existing clients include owners of retail and commercial buildings.

The Vendors are independent third parties and are not related, whether directly or indirectly, to the Company and/or its Directors, controlling shareholders or their respective associates. As at the date of this announcement, the Vendors do not have any shareholding interest in the Company.

2. RATIONALE FOR THE PROPOSED ACQUISITION

In line with the Group’s plan to acquire new businesses which are synergistic with its existing businesses, the Proposed Acquisition presents an opportunity for the Group to expand its network of customers and service offerings. The Board believes that with Golden Harvest’s expertise and track record, the Group will be able to grow its maintenance segment business to provide maintenance services that cater to larger scale facilities through synergising and forming of a stronger and more equipped team.

Golden Harvest has been generating stable and recurring revenues and profits in its maintenance business. This will contribute positively to and enhance the Group’s existing recurring income base under its maintenance services business, which provides stability to the Group’s largely project-based business.

3. PRINCIPAL TERMS OF THE SPA

3.1 Purchase Consideration

The purchase consideration for the Proposed Acquisition (the “**Consideration**”) shall be S\$1,860,000, payable as follows:-

- (a) S\$640,000 to be paid in cash and S\$860,000 to be paid through the allotment and issuance of 2,293,333 new ordinary shares of the Company (the “**Consideration Shares**”) at an issue price of S\$0.375 per Consideration Share (the “**Issue Price**”), upon the completion of the Proposed Acquisition (the “**Completion**”);

- (b) S\$180,000 to be paid upon the issue of the audited financial statements of Golden Harvest for the financial year ending 30 June 2017 (“**FY2017**”), provided that the profit after tax of Golden Harvest is not less than S\$300,000; and
- (c) S\$180,000 to be paid upon the issue of the audited financial statements of Golden Harvest for the financial year ending 30 June 2018 (“**FY2018**”), provided that the profit after tax of Golden Harvest is not less than S\$300,000.

In the event that the profit after tax of Golden Harvest for FY2017 or FY2018 is less than S\$300,000, an amount equivalent to 60% of the shortfall in the profit after tax shall be deducted from the relevant consideration under paragraph (b) and/or (c) above. No consideration shall be payable for the relevant financial year if a loss is incurred by Golden Harvest for FY2017 and/or FY2018.

The Consideration was based on arm’s length negotiations between the Company and the Vendors, after taking into consideration the net tangible assets (“**NTA**”) of Golden Harvest as at 30 June 2016 and its earnings for the past three financial years.

The Issue Price represents a premium of approximately 10.8% over S\$0.3385, being the average of the volume weighted average prices of the Company’s shares for each of the five market days on which the Company’s shares were traded on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) immediately preceding the date of the SPA.

The Consideration Shares represent approximately 1.9% of the Company’s existing issued and paid-up share capital and approximately 1.9% of the Company’s enlarged issued and paid-up share capital following the allotment and issue of the Consideration Shares. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the Company’s existing issued shares, save that they will not rank for any dividends, rights, entitlements or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

The Consideration Shares will be issued pursuant to the share issue mandate granted by the shareholders of the Company under section 161 of the Companies Act (Cap 50) of Singapore at the extraordinary general meeting of the Company held on 16 March 2016, prior to the initial public offering (“**IPO**”) of the Company (please refer to Page 66 of the Company’s offer document dated 6 April 2016 for further details).

The Company will be making an application to the SGX-ST through SAC Capital Private Limited, the sponsor of the Company, for the listing and quotation of the Consideration Shares.

Based on the unaudited management accounts of Golden Harvest for the financial year ended 30 June 2016 (“**FY2016**”), the NTA of Golden Harvest as at 30 June 2016 was approximately S\$1,916,000, as adjusted for dividends paid subsequent to 30 June 2016, and the profit before tax of Golden Harvest for FY2016 was approximately S\$335,000. The NTA as at 30 June 2016 and PBT for FY2016 attributable to 60% of Golden Harvest amounted to approximately S\$1,149,600 and S\$201,000 respectively.

There was no independent valuation conducted for the Proposed Acquisition.

The cash portion of the Consideration will be financed by the proceeds from the Company’s IPO.

3.2 Conditions Precedent

The Completion is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in writing) at least three business days prior to the date of Completion, which is scheduled on 30 December 2016 (the “**Completion Date**”):-

- (a) the results of the due diligence investigations conducted by the Company in respect of Golden Harvest in relation to the financial, business, tax, accounting, legal and other matters including the financial condition and operating results, of Golden Harvest, being reasonably satisfactory to the Company;
- (b) all outstanding amounts owing to Golden Harvest by each of the Vendors as at the date of the SPA having been fully repaid;
- (c) each of the Vendors having entered into a new employment agreement on the agreed terms for a term of three years with Golden Harvest;
- (d) the in-principle approval of the SGX-ST having been obtained for the listing and quotation of the Consideration Shares; and
- (e) all actions, conditions, things required to be taken, fulfilled and done (including, without limitation, the obtaining of any necessary approvals and consents) in order to enable the parties to lawfully enter into, exercise their rights and perform and comply with their obligations under the SPA and to ensure that those obligations are legally binding and enforceable, having been taken, fulfilled and done (including without limitation the parties having obtained approval of their respective board of directors and, if required, their respective shareholders).

On the Completion Date, Golden Harvest will become a 60%-owned subsidiary of the Company.

3.3 Moratorium

The Consideration Shares to be allotted and issued to the Vendors shall be subject to a moratorium period of six months from the Completion Date, during which the Vendors shall, *inter alia*, not, whether directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of their interests in the Consideration Shares.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL (SECTION B: RULES OF CATALIST) OF THE SGX-ST (“CATALIST RULES”)

Based on the unaudited financial statements of the Group for the half year ended 31 March 2016 as announced on 2 June 2016, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in relation to the Proposed Acquisition are as follows:

Rule 1006(a)

Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Size of relative figure	Not applicable

Rule 1006(b)

Net profits attributable to the assets acquired, compared with the Group's net profits	
Profit before income tax, minority interests and extraordinary items of Golden Harvest (S\$'000)	167 ⁽¹⁾
Profit before income tax, minority interests and extraordinary items of the Group (S\$'000)	1,606
Size of relative figure	10.4%

Rule 1006(c)

Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares

Value of the Consideration given (S\$'000)	1,860
The Company's market capitalisation as at 22 November 2016, based on the total number of issued shares excluding treasury shares (S\$'000)	39,244 ⁽²⁾
Size of relative figure	4.7%

Rule 1006(d)

Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue

Number of Consideration Shares	2,293,333
Number of ordinary shares of the Company in issue	120,270,645
Size of relative figure	1.9%

Notes:-

- (1) Based on six months' pro-rated profit before income tax, minority interests and extraordinary items for FY2016 of Golden Harvest according to its unaudited management accounts for FY2016 ("**Pro-rated Profits**"). Upon Completion, Golden Harvest will be a subsidiary of the Company and its financial statements will be consolidated into the Group's financial statements. Accordingly, the Company has used 100% (instead of 60%) of the Pro-rated Profits in determining the relative figure under Rule 1006(b).
- (2) Based on the volume weighted average price of the Company's shares traded on the SGX-ST of S\$0.3263 on 22 November 2016, being the last market day on which the Company's shares were transacted preceding the date of the SPA and the existing number of issued shares excluding treasury shares of 120,270,645 shares.

As the relative figures under Rule 1006(b) of the Catalist Rules exceed 5% but do not exceed 75%, the Proposed Acquisition is deemed a "discloseable transaction" under Rule 1010 of the Catalist Rules which is to be announced but does not require the approval of the Company's shareholders.

5. FINANCIAL EFFECTS

Based on the audited financial statements of the Group for the financial year ended 30 September 2015:

- (i) assuming that the Proposed Acquisition had been effected at the end of the financial year ended 30 September 2015, the effect of the Proposed Acquisition on the NTA of the Group is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 30 September 2015 (S\$'000)	8,018	7,308
Number of shares in issue ('000)	93,270,645 ⁽¹⁾	95,563,978
NTA per share as at 30 September 2015 (cents)	8.6	7.6

Note:-

- (1) For illustration purposes, the number of shares in issue is based on the Company's issued share capital of 93,270,645 shares, immediately prior to its IPO.

- (ii) assuming that the Proposed Acquisition had been effected at the beginning of the financial year ended 30 September 2015, the effect of the Proposed Acquisition on the earnings per share (“EPS”) of the Group for the financial year ended 30 September 2015 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the Company for financial year ended 30 September 2015 (S\$'000)	3,381	3,540
Weighted average number of shares - Basic/diluted ('000)	93,270,645 ⁽¹⁾	95,563,978
EPS for financial year ended 30 September 2015 – basic/diluted ⁽²⁾ (cents)	3.62	3.70

Note:-

- (1) For illustrative purpose, the weighted average number of shares is calculated based on the Company's share capital of 93,270,645 shares, prior to its IPO.
- (2) Both basic and diluted EPS are the same as there were no dilutive share equivalents outstanding during the financial year ended 30 September 2015.

The above pro forma financial effects presented are theoretical in nature and only for illustration purposes. They do not represent the actual financial position and/or results of the Group.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

7. PROPOSED DIRECTOR(S)

No new director(s) will be appointed to the Board of the Company in connection with the Proposed Acquisition.

8. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 4 Kaki Bukit Avenue 1 #06-03, Singapore 417939 for a period of three months from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

By Order of the Board

Lim Say Chin
Executive Chairman and Managing Director
23 November 2016

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this Announcement.*

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

The contact person for the Sponsor is Ms Tan Pei Woon (telephone no.: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.