



LETTER OF INTENT RELATING TO AN AGREEMENT TO BUILD-OWN-OPERATE A WASTE-TO-ENERGY POWER PLANT AND TO SUPPLY ELECTRICITY TO CHEW'S AGRICULTURE PTE LTD

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of ACROMEK Limited (the "**Company**") and, together with its subsidiaries, the "**Group**") wishes to announce that Acropower Pte. Ltd. ("**Acropower**"), its 80%-owned subsidiary, has entered into a binding letter of intent dated 4 December 2018 (the "**LOI**") with Chew's Agriculture Pte Ltd ("**CAPL**") to build-own-operate a waste-to-energy power plant (the "**Plant**") on CAPL's farm at Neo Tiew Road, off Lim Chu Kang (the "**Farm**"). It is intended that the Plant will utilise waste from the Farm to generate electricity, which will then be supplied back to the Farm at agreed prices.

2. SALIENT TERMS OF THE LOI

The LOI is legally binding on the parties and shall expire on the earlier of (a) the execution of a definitive agreement on terms consistent with the principal terms set out in the LOI, or (b) three months from 4 December 2018 (the "**Expiry Date**"). In the event that a party fails to execute the definitive agreement by the Expiry Date (despite the definitive agreement being on terms consistent with the principal terms of the LOI), the said party shall be deemed to be in default of the LOI and shall be liable to compensate to the other party a lump sum of S\$200,000.

The salient terms of the LOI include the following:

- (a) Acropower shall, at its own cost, finance, design, construct, test and commission the Plant and shall thereafter remain at all times the owner of the Plant despite it being constructed on the Farm. Acropower shall also be responsible for the operation and maintenance of the Plant;
- (b) CAPL shall supply waste to Acropower and purchase electricity from Acropower for a period of fifteen years (the "**Supply Period**") commencing from the earlier of (i) the date the Plant is ready to accept and process waste generated by the Farm and the Farm has reached an egg production capacity of at least 480,000 layers; or (ii) 1 March 2020;
- (c) The Supply Period shall be automatically extended for additional one year periods;
- (d) The minimum electricity purchased by CAPL shall be 0.5MWH and the electricity rate charge shall be no more than a 10% discount to the prevailing Energy Market Authority electricity tariff rate;
- (e) In the event an expansion of the Plant is required for it to process waste that is generated as a results of egg production capacity exceeding 720,000 layers, the Supply Period shall be extended for a further fifteen years and such extension shall be on terms to be adjusted accordingly; and
- (f) CAPL shall at all times purchase all its electricity requirements from Acropower.

3. FINANCIAL EFFECTS

The LOI is not expected to have a material financial impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 30 September 2019.

4. SHAREHOLDERS' APPROVAL

The Group is an established specialist engineering services provider in the field of controlled environment and is currently engaged in the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and cleanrooms. It has not previously undertaken any construction of power plants.

The LOI, whilst being subject to, amongst other things, the execution of a definitive agreement, is not part of the Company's existing core businesses and will result in a change in the risk profile of the Company. As such, the Company will convene an extraordinary general meeting to seek the approval of its shareholders for, *inter alia*, the diversification of the Group's business into the renewable energy sector. A circular will be despatched to shareholders in due course.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the LOI, save through their shareholdings in the Company.

6. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors of the Company are reminded that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

7. FURTHER ANNOUNCEMENTS

The LOI is subject to, amongst other things, the execution of the definitive agreements in relation to the above and there is no certainty or assurance that the definitive agreements will be entered into. The Company will make further announcements when there are material updates to the LOI and related matters contained in this announcement.

BY ORDER OF THE BOARD

Lim Say Chin
Executive Chairman and Managing Director
4 December 2018

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 "SGX-ST").

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Alicia Sun (Telephone: +65 62323210) at 1 Robinson Road #21-02 AIA Tower, Singapore 048542.