



AGREEMENT TO BUILD, OWN AND OPERATE WASTE-TO-ENERGY PLANT

1. INTRODUCTION

The Board of Directors (the “**Board**”) of ACROMEK Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements on 4 December 2018, 6 March 2019, 5 April 2019 and 3 May 2019 relating to the letter of intent (“**LOI**”) entered into between the Group’s 80%-owned subsidiary, Acropower Pte. Ltd. (“**Acropower**”), and Chew’s Agriculture Pte Ltd (“**CAPL**”) to build-own-operate a waste-to-energy power plant (the “**Facility**”) on CAPL’s farm at Neo Tiew Road, off Lim Chu Kang (the “**Farm**”). It is intended that the Facility will process and convert waste from the Farm into biogas for use in generating electricity, which will then be supplied back to the Farm at agreed prices.

The Board wishes to announce that Acropower has today entered into a definitive agreement (the “**Agreement**”) with CAPL (each a “**Party**”, and together the “**Parties**”) on terms consistent with the principal terms set out in the LOI.

2. INFORMATION ON ACROPOWER AND CAPL

Acropower is a Singapore-incorporated, 80%-owned subsidiary of the Company which was incorporated to explore opportunities in the growing renewable energy segment. The shareholders of Acropower are the Company (80%) and Green Energy Resources (M) Sdn Bhd (20%), a Malaysia-incorporated company with more than 20 years of experience in the use of alternative energy sources to generate electricity, with an emphasis on the use of green technologies.

CAPL, a Singapore-incorporated company, specialises in the production of a range of healthy and nutritious, generic and designer eggs under the brand name, “Chews”. It has a poultry farm which it currently operates at Murai Farmway, off Lim Chu Kang. It intends to move its operations to the Farm.

3. KEY TERMS OF THE AGREEMENT

The key terms of the Agreement include the following:

3.1 Conditions Precedent

The rights and obligations of the Parties under this Agreement are conditional upon the satisfaction of each the following, unless waived by the Party applicable to it:

- (a) The Company and Acropower shall obtain all shareholders’ and other internal corporate approvals required in respect of entering into of the Agreement and the transactions contemplated therein by Acropower, provide a copy of such approval to CAPL and ensure that such approvals are not withdrawn or revoked as at the date that is one day after the day on which the last of the conditions precedents is satisfied or waived; and
- (b) CAPL shall obtain approval from its board of directors in respect of the entering into of the Agreement and the transactions contemplated therein by CAPL, provide a copy of such



approval to Acropower and ensure that such approval is not withdrawn or revoked as at the date that is one day after the day on which the last of the conditions precedents is satisfied or waived.

3.2 The Facility

Acropower shall, at its own cost and in accordance with applicable laws, carry out the initial phase of the design, construction, testing, commissioning, expansion and repair of the Facility to enable it to process daily waste produced by 600,000 egg-laying chickens ("**Layers**") at the Farm by 31 March 2020.

The Company will be providing further details, including, where relevant, funding for the project, in the circular to be issued to the shareholders of the Company.

Upon receipt of a notice from CAPL of an intention to increase the amount of daily waste produced, Acropower shall accordingly increase the capacity of the Facility to process the aforesaid waste. Any increase in the amount of daily waste received from the Farm shall not exceed 100,000 Layers at each stage.

3.3 Expansion of the Facility

The Facility shall have a maximum initial waste processing capacity to: (i) process waste produced by up to 720,000 Layers on a daily basis, and (ii) supply electricity up to 0.8 megawatt per hour on a daily basis. CAPL undertakes to increase the amount of waste supplied by the Farm to beyond 720,000 Layers (but not exceeding 1,500,000 Layers) (the "**Expansion**") on a daily basis within five years from the date of the Agreement.

The Expansion will be subject to further negotiations between the Parties and further announcements will be made by the Company, where necessary.

3.4 Site Handover

CAPL shall deliver to Acropower vacant possession of the land upon which the Facility will be constructed, not later than 31 July 2019. Acropower shall be responsible for the operation and maintenance of the Facility and shall remain at all times the owner of the Facility despite it being constructed on the Farm.

3.5 Supply of Electricity and Waste

Pursuant to the Agreement, CAPL shall purchase the electricity produced by the Facility, and Acropower shall supply the electricity produced by the Facility to CAPL at a rate no more than a 10% discount to the prevailing electricity tariff rate.

The Facility shall supply to the Farm no less than 0.5 megawatts per hour in respect to any billing period with effect from (i) the date the Farm commences operations; or (ii) 31 March 2020, whichever is earlier. CAPL shall solely and exclusively purchase all its electricity requirements from Acropower, unless the Facility is not able to meet such requirements. Further, CAPL shall supply and deliver to Acropower all waste produced at the Farm and shall not sell, supply or deliver any such waste to any other person.

3.6 Option to Purchase

CAPL shall have the option to purchase the Facility from Acropower upon the expiry of the earlier of fifteen years from (i) the date the Farm commences operations; or (ii) 31 March 2020



and any extension(s) thereof or on the termination of the Agreement, at a consideration to be calculated in accordance with the terms of the Agreement.

4. FINANCIAL EFFECTS OF THE AGREEMENT

The Agreement is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 30 September 2019.

5. 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. As such, the Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval of its shareholders for, *inter alia*, the diversification of the Group’s business into the renewable energy sector. A circular containing, *inter alia*, the notice of EGM and details of the Agreement, will be despatched to shareholders in due course.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares in the Company, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the circular.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04, Singapore 417939 for a period of three months from the date of this announcement.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the above transaction, save through his shareholding in the Company (if any).

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Agreement and the Company and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, including without limitation information on the Agreement, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

ACROMEK LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201544003M)



9. CAUTION IN TRADING

The Directors would like to advise the Shareholders that, although the Agreement has been entered into, completion is subject to conditions precedent to be fulfilled and there is no assurance that completion will take place. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Lim Say Chin
Executive Chairman and Managing Director
21 May 2019

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (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 Bernard Lim (Telephone: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.