

**CIRCULAR DATED 19 JUNE 2019**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of ACROMEC Limited (the “**Company**”) held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting (“**EGM**”) and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (Section B: Rules of Catalist).

This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr. Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



**ACROMEC LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201544003M)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (1) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE RENEWABLE ENERGY BUSINESS (AS DEFINED HEREIN); AND**
- (2) THE PROPOSED SHARE PURCHASE MANDATE**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgment of Proxy Form	:	1 July 2019 at 10.00 a.m.
Date and time of EGM	:	4 July 2019 at 10.00 a.m.
Place of EGM	:	4 Kaki Bukit Avenue 1 #04-04 Kaki Bukit Industrial Estate Singapore 417939



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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated:

<b>“Acropower”</b>	:	Acropower Pte. Ltd.
<b>“ASEAN”</b>	:	Association of Southeast Asian Nations, comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual (Section B: Rules of Catalist)
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act”</b>	:	Companies Act (Chapter 50) of Singapore
<b>“Company”</b>	:	ACROMECH Limited
<b>“Constitution”</b>	:	The constitution of the Company
<b>“Director”</b>	:	A director of the Company for the time being
<b>“EGM”</b>	:	The Extraordinary General Meeting of the Company, notice of which is set out on page 36 of this Circular
<b>“Existing Business”</b>	:	The existing business of the Group as described in section 2.1 of this Circular
<b>“FY”</b>	:	Financial year ended, or as the case may be, ending 30 September
<b>“GER”</b>	:	Green Energy Resources (M) Sdn Bhd
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Ingenieur Holdings”</b>	:	Ingenieur Holdings Pte. Ltd., a controlling Shareholder of the Company
<b>“Latest Practicable Date”</b>	:	11 June 2019, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Proposed Diversification”</b>	:	The proposed diversification of the Group’s business to include the Renewable Energy Business as part of its core business
<b>“Renewable Energy Business”</b>	:	The business comprising, but not limited to, the building, owning and operating of power plants involving the generation of electricity using sustainable sources, as more particularly described in section 2.2 of this Circular
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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<b>“Share Purchase Mandate”</b>	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares on behalf of the Company in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Catalist Rules
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SIC”</b>	:	The Securities Industry Council of Singapore
<b>“Substantial Shareholder”</b>	:	A person who holds directly or indirectly 5% or more of the total number of voting Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>“Treasury shares”</b>	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company under circumstances in which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
<b>“\$” and “cents”</b>	:	Singapore dollars and cents respectively
<b>“%” or “percent”</b>	:	Percentage or per centum

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the sum of listed amounts and the totals thereof shown are due to rounding.

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## LETTER TO SHAREHOLDERS

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### ACROMEK LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No.201544003M)

#### Directors:

Mr Lim Say Chin (Executive Chairman and Managing Director)  
Mr Chew Chee Keong (Executive Director)  
Mr Goi Chew Leng (Non-Executive Non-Independent Director)  
Mr Yee Kit Hong (Lead Independent Director)  
Ms Elaine Beh Pur-Lin (Independent Director)

#### Registered Office:

4 Kaki Bukit Avenue 1  
#04-04 Kaki Bukit Industrial Estate  
Singapore 417939

19 June 2019

To: The Shareholders of ACROMEK Limited

Dear Sir/Madam

- (1) **THE PROPOSED DIVERSIFICATION; AND**
- (2) **THE PROPOSED SHARE PURCHASE MANDATE.**

#### 1. INTRODUCTION

The Directors are convening the EGM to be held on 4 July 2019 to seek Shareholders' approval for the following:

- (a) the Proposed Diversification; and
- (b) the proposed Share Purchase Mandate.

The purpose of this Circular is to provide the Shareholders with information relating to and the rationale for, and to seek the Shareholders' approval for, the Proposed Diversification and the proposed Share Purchase Mandate at the forthcoming EGM.

#### 2. PROPOSED DIVERSIFICATION

##### 2.1 Background

The Company is an established specialist engineering services provider in the field of controlled environments whose expertise is in the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and cleanrooms. The Group's existing business includes the design and/or construction of new facilities in new and existing buildings, refurbishment and upgrading of existing facilities and corrective and routine maintenance services (the "**Existing Business**").

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the subsidiaries of the Company which are actively involved in the Existing Business and their principal activities are as follows:-

Name	Country of Incorporation	Principal Activities	Equity Interest (%)
Acromec Engineers Pte Ltd	Singapore	Specialist engineering services in the field of controlled environments	100%
PT Acromec Trading Indonesia	Indonesia	Import and distribution of laboratory furniture and accessories	67%
Golden Harvest Engineering Pte Ltd	Singapore	Maintenance and installation services for air-conditioning and mechanical ventilation systems	60%

As at the date of this Circular, the Existing Business was the sole revenue contributor to the Group. Subsequent to the Proposed Diversification, it is expected that the Group will continue to rely substantially on the Existing Business for the short to medium term. By leveraging the Group's core competencies, the Board is of the view that the Proposed Diversification will benefit the Group by extending its revenue base and improving its growth prospects.

## 2.2 Proposed Business Activities

### 2.2.1 Scope of Renewable Energy Business

Upon receipt of Shareholders' approval for the Proposed Diversification, the Group will embark upon its diversification plans to expand its core business to include the building, owning and operating of power plants involving the generation of electricity using sustainable sources (the "**Renewable Energy Business**").

On 13 March 2018, the Company incorporated Acropower to explore opportunities in the growing renewable energy segment. The shareholders of Acropower are the Company (80%) and GER (20%), a specialist 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.

On 4 December 2018, the Company announced that Acropower had entered into a binding letter of intent with 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. On 21 May 2019, the Company announced that Acropower had entered into a definitive agreement (the "**Agreement**") with CAPL on terms consistent with the terms set out in the aforesaid letter of intent.

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## LETTER TO SHAREHOLDERS

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The key terms of the Agreement include the following:

(a) Conditions Precedent

The rights and obligations of the Acropower and CAPL under the Agreement are conditional upon the satisfaction of each the following, unless waived by the party applicable to it:

- (i) The Company and Acropower shall obtain all shareholders' and other internal corporate approvals required in respect of the entry into 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
- (ii) CAPL shall obtain approval from its board of directors in respect of the entry into 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.

(b) 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.

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 increased amount of waste. Any increase in the amount of daily waste received from the Farm shall not exceed the waste of 100,000 Layers at each stage.

(c) 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 peak on a daily basis. CAPL undertakes to increase the amount of waste supplied by the Farm to that of more than 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 Acropower and CAPL and further announcements will be made by the Company, where necessary.

(d) 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.



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## LETTER TO SHAREHOLDERS

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(e) 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 which is 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 of 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 electricity to meet its 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.

(f) 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, subject to 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.

The Company also proposes, as part of the Renewable Energy Business, to embark on future waste-to-energy power plant projects that also rely on sustainable sources. It is also open to executing projects based on other models such as the “build-own-transfer” model or to just construct a waste-to-energy plant for handover to its customers. The Group will focus its efforts in Singapore during the initial stage of its entry into the Renewable Energy Business. Thereafter, the Group may consider expanding the Renewable Energy Business to new geographical markets in the Asia Pacific region which are poised for growth in the foreseeable future.

### 2.2.2 Experience of Management

The Company’s Executive Chairman and Managing Director, Mr Lim Say Chin, its Executive Director, Mr Chew Chee Keong, and its Non-Executive Non-Independent Director, Mr Goi Chew Leng, have each been involved in the business of design and construction of facilities requiring controlled environments for more than 20 years. The experience of the management of the Company in the field of controlled environments can be transposed to and is invaluable to the Renewable Energy Business, especially in the areas of providing integrated services for projects, which include engineering, procurement, construction and maintenance services. Specifically, renewable energy plants will require precision control of variables such as temperature and moisture to be in place. In this regard, the Group’s expertise and experience in controlled environment engineering will be invaluable.

Mr Lim Say Chin has been responsible for formulating corporate strategies and leading the Group’s marketing and business development activities as well as ensuring the smooth operations of the Group. Mr Chew Chee Keong is responsible for project planning and implementation and oversees the engineering and quality assurance functions of the Group.

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## LETTER TO SHAREHOLDERS

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With their previous experience in the design and construction of facilities requiring controlled environments, Mr Lim Say Chin, Mr Chew Chee Keong and Mr Goi Chew Leng have a good understanding of the requirements of the construction of facilities and the requisite knowledge to assess the construction costs and determine the profitability of potential projects, barring unforeseen circumstances. Any additional expertise required for the Renewal Energy Business may be gained by the Directors in the course of their management of the new business.

Furthermore, the Group will be able to rely on the expertise of its joint venture partner, GER, a specialist 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. The Group may also seek to collaborate with parties who complement its expertise, to capitalise on their capabilities and to spread the risks.

### 2.2.3 Investment in the Renewable Energy Business

In the initial stage of entry into the Renewable Energy Business, the Company intends to invest between \$8 million and \$12 million, and the Directors will remain prudent and take into account the financial condition of the Group in deciding on the investment amount. The Group will initially focus on the construction of waste-to-energy power plants in Singapore with cost of up to \$12 million.

Based on the size of the Group's current projects in its Existing Business, the expected size of the Facility and the date of commencement of the operation of the Facility, the Company does not expect the Renewable Energy Business to contribute to the Group's total revenue and net profit for the current financial year ending 30 September 2019.

### 2.2.4 Management of Renewable Energy Business

The Company intends to form a separate division for the new Renewable Energy Business, which will be overseen by the Executive Directors, Mr Lim Say Chin and Mr Chew Chee Keong. The Group will recruit new staff or transfer relevant staff from the Existing Business for the operations, administration, business development and marketing functions of the new Renewable Energy Business and may also outsource certain functions where appropriate.

It is intended that the Group will contribute its expertise in controlled environment engineering while GER will contribute its expertise in green technologies and its know-how in the operation of waste-to-energy plants.

Where necessary, work may be outsourced to third parties who have expertise in the relevant areas. In selecting its partners, the Group will consider the specific expertise, competencies and capabilities required for the project and the experience, track record and financial standing of the partners concerned.

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## LETTER TO SHAREHOLDERS

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### 2.2.5 Key Processes of Renewable Energy Business

The key business processes of the Renewable Energy Business are expected to be as follows:

(a) Invitation to tender

The Group will identify potential projects from announcements of public tenders or through invited tenders. On assessing the viability of a project, various factors will be taken into consideration, including but not limited to the availability of financing, the credit-worthiness of the prospective customer, and the Group's existing commitments and available resources. These assessments will be done internally.

(b) Preparation and submission of tender

Once a decision has been made to participate in the tender, the directors of Acropower will review the tender documents to understand the specific requirements of the project after clarifying any technical or legal ambiguities with the prospective customer. The tender cost estimate will then be quantified for the entire project, taking into account quotes obtained from sub-contractors and suppliers for work required to be undertaken by them, the complexity and time frame of the project, the condition of the vicinity of the project site and applicable market conditions.

(c) Planning and execution

Upon award of a contract, a project manager who is responsible for the operation, performance and safety of the project will be assigned the responsibility to plan and take charge of the project with a project director overseeing the project. An execution plan will be prepared and will set out the scope of work for the project, the project schedule, manpower projection plan, machinery and materials utilisation plan, project budget for cost monitoring as well as all necessary procedures and controls to ensure that the project is executed in accordance with the contractual requirements. The project manager will then manage the project in accordance with the execution plan to ensure timely completion.

(d) Commissioning

Upon completion of the project, the project manager will carry out inspection with the customer to list out and rectify defects identified. Thereafter, the necessary documentation will be prepared to obtain the certificate of completion from the customer. At this juncture, an operations team will take over the project from the project team and work together to ensure smooth running of the completed facility.

(e) Operations and maintenance

Upon commissioning of the facility, a team of engineers, supervised by the project manager, will be responsible for ensuring the timely provision of quality services for the operation of the facility. If necessary, on-site familiarisation will be conducted to familiarise the engineers with the protocol and equipment of the facility.

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## LETTER TO SHAREHOLDERS

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The Group will carry out periodic preventive maintenance works based on a predetermined schedule. In cases where a scheduled shutdown of the facility is required, the engineering team will handle the quick and tight turnaround schedule to ensure minimal downtime.

In periodic meetings with customers, the engineering team will discuss and report to the customer on co-ordination matters, completed works and rectifications.

### **2.3 Funding for the Proposed Diversification**

The Company intends to fund the Renewable Energy Business through internal resources and bank borrowings. As at 31 March 2019, the Group had cash and cash equivalents of approximately \$3.3 million. With the initial investment amount of \$8 million to \$12 million, the Directors will determine the optimal mix of internal funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs.

In addition, the Company may tap the equity market as and when more funds are needed to fuel growth and expansion of the new business, including but not limited to private placement or the issuance of convertible securities. Any issuances of Shares or convertible securities will be made pursuant to the general mandate granted by Shareholders at annual general meetings. In the event that the limits under the general mandate would be exceeded, Shareholders' approval would be separately sought prior to the issue of the Shares or convertible securities.

### **2.4 Financial Impact of the Proposed Diversification**

As at the Latest Practicable Date, whilst the Group has made preparations and carried out the necessary steps required to fulfil its obligations under the Agreement, the Group has not made substantial affirmative and binding investments in relation to the Renewable Energy Business that are expected to materially impact the earnings per Share or net tangible assets per Share of the Group for the current financial year ending 30 September 2019.

The Company would make the necessary announcements as and when appropriate in the event that any developments relating to the Proposed Diversification would have any material impact on the earnings per Share or net tangible assets per Share of the Group.

### **2.5 Financial Reporting**

For the purposes of reporting the financial performance of the Group, in accordance with the applicable accounting standards and the Catalist Rules, where the financial results of the Renewable Energy Business is material, it will be accounted for and disclosed as a separate business segment in the Group's financial statements. The Group's financial statements, which would include the financial results of the Renewable Energy Business, will continue to be periodically announced in accordance with the requirements set out in Chapter 7 of the Catalist Rules.

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## LETTER TO SHAREHOLDERS

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### 2.6 Rationale for the Proposed Diversification

The Group intends to engage in the Renewable Energy Business as one of the core businesses of the Group in addition to the Existing Business of the Group for the following reasons:–

(a) Leveraging the Existing Business

The Group is an established specialist engineering services provider in the field of controlled environments. The Company believes that its track record, experience and expertise in the industry will put the Group in good stead to engage in the Renewable Energy Business. Specifically, waste-to-energy plants will require precision control of variables such as temperature and moisture to be in place. In this regard, the Group's expertise and experience in controlled environment engineering will be invaluable.

With their previous experience in the design and construction of facilities requiring controlled environments, the Company's management has a good understanding of the requirements of the construction of facilities and the requisite knowledge to assess the construction costs and determine the profitability of potential projects, barring unforeseen circumstances.

(b) Diversification of the Existing Business

The Board believes that the Proposed Diversification would allow the Group to have better prospects of profitability and ensure its long-term growth. The Proposed Diversification would enable the Group to extend its revenue base so that it is not dependent entirely on projects in the field of controlled environments for its revenue. The nature of such project revenue is inconsistent as there may be a lapse of time between the completion of existing projects and the commencement of subsequent projects. Further, the availability of such projects is largely dependent on government and private sector capital expenditure. By diversifying its business to include the Renewable Energy Business, the Group is expected to add stability to its revenue as the revenue source of the Renewable Energy Business is partly recurring in nature, such as in the case of the generation and supply of electricity.

The Proposed Diversification would also allow the Group to enter into the renewable energy industry which is expected to grow and which is buoyed by efforts from governments around the world pledging to increase energy produced by sustainable sources. As a member of ASEAN, Singapore is tied to the region's collective renewables target under ASEAN's blueprint for regional energy cooperation to increase the region's renewable energy share. The Singapore government also has a goal of reducing carbon emissions from electricity generation. The waste-to-energy initiative has resulted in a recent announcement of the building of a waste-to-energy research facility in Tuas South, Singapore. As such, the Group believes that by entering into the renewable energy industry, it will be positioned to tap on the opportunities created by the expected growth in this industry. Further, the Group has taken its first steps to enter into the industry with the execution of the Agreement.

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## LETTER TO SHAREHOLDERS

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### 2.7 Risk Factors Relating to the Proposed Diversification

To a certain extent, the Renewable Energy Business will change the existing risk profile of the Group. The following is a list of identified but by no means exhaustive list of risk factors which are associated with the Renewable Energy Business:–

#### *Risks relating to the Renewable Energy Business*

(a) Requirement of substantial capital investments

Waste-to-energy power plant projects in Singapore may require substantial capital investments. There is no assurance that financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on commercially reasonable terms. Additional debt financing, if required, may hinder the ability of the Company to pay dividends and increase its vulnerability to general adverse economic and industrial conditions.

(b) Changes in laws and regulations

The renewable energy industry is subject to the applicable laws and regulations. Any changes in the applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance of the Group. In the event that the Group is unable to obtain the relevant licences or certificates or any other approvals required for the Renewable Energy Business, the business and operations of the Group may be adversely affected.

(c) Competition

The Renewable Energy Business is competitive and the Group faces competition from existing players as well new entrants. The Group may not be able to compete against established players with larger financial resources or longer track records. Also, in the event that the Group is not able to manage construction costs as well as its competitors, the profitability of a project may be adversely affected. In the event that the Group is not able to compete successfully against its competitors, its business, financial position and performance may be adversely affected.

(d) Fluctuation in revenue

The competitive process of tenders to secure projects means that there is neither consistency nor assurance that projects of a certain value and volume will be secured and undertaken continuously. Accordingly, the Group's revenue may fluctuate significantly depending on the number and value of projects successfully secured. Also, there may be periods of time between the completion of projects and the commencement of subsequent projects thus adversely affecting the Group's earnings and financial performance during such periods.

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## LETTER TO SHAREHOLDERS

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### *Risks relating to the Company*

(a) Lack of proven track record

As the Group does not have a proven track record in the Renewable Energy Business, there is no assurance that the new business will achieve the expected level of revenue and margins. If the Group fails to manage costs effectively, the overall financial position and profitability of the Group may be adversely affected. There is no assurance that the new business will not fall short of expectations.

(b) Insufficient resources, experience and necessary expertise

Our existing management and workforce may not have sufficient resources, experience and necessary expertise in the Renewable Energy Business. The Group may experience operational difficulties and its business operations and financial performance may be adversely affected.

(c) Reliance on sub-contractors

The Group will rely on third party sub-contractors to construct its projects. Accordingly, it is subject to construction risks such as the failure of sub-contractors to carry out their contractual obligations, failure of sub-contractors to bear cost overruns, and any other unforeseen circumstances which may have an adverse impact on its financial performance.

(d) Claims for delays and defective works

The Group may face claims from customers relating to delays and defective works and the Group's business and financial position will be affected if it has to pay significant amounts of compensation or spend significant amounts of resources in legal costs in the event of legal proceedings. The Group's reputation may also be affected as a result of such proceedings.

(e) Dependence on ability to attract and retain skilled personnel

Highly skilled personnel with the appropriate experience in the Renewable Energy Business is limited and competition for the employment of such personnel is intense. There is no assurance that the Group will be able to attract the necessary skilled personnel or that it will be able to retain the skilled personnel or whether suitable and timely replacements can be found for skilled personnel who leave the Group. In the event that the Group is unable to continue to attract and retain skilled employees, it may not be able to complete projects within the stipulated timeline and the quality of its services may be affected. The Group may also have to pay substantial wages to attract sufficient numbers of skilled personnel and the additional labour costs may have an adverse effect on the Group's financial performance.

(f) Risks associated with joint ventures or strategic alliances

The Group may seek growth opportunities in the Renewable Energy Business through joint ventures or strategic alliances, which involve a certain amount of business or operating risks. In the event of any dispute with the partners on the business and day-to-day operations of the joint ventures or strategic alliances, there is no assurance that a favourable resolution will be found. In such event, projects may not be completed within the stipulated budget and time schedule and the Group's financial performance, business and reputation may be adversely affected.

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## LETTER TO SHAREHOLDERS

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Notwithstanding the risks set out above, the Directors, having considered the rationale for the Proposed Diversification as set out under section 2.6 of this Circular, believe that it is to the benefit of the Company to diversify into the Renewable Energy Business. The Directors will be mindful in managing and mitigating the risks involved.

### **2.8 Shareholders' approval**

As the Renewable Energy Business will involve a new business area which is substantially different from the Existing Business as described in section 2.1 of this Circular, it is envisaged that entry into the Renewable Energy Business will result in a change in the Group's business and change the existing risk profile of the Group. Accordingly, the Company has convened the EGM to seek the approval of Shareholders for the Proposed Diversification.

Upon approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with the Renewable Energy Business, may be deemed to be in the ordinary course of business and therefore will not fall within the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Renewable Energy Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Renewable Energy Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

- (a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Renewable Energy Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or
- (b) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.



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## LETTER TO SHAREHOLDERS

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### 3. PROPOSED SHARE PURCHASE MANDATE

#### 3.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if such purchase or acquisition is permitted under its constitution. Any purchase or acquisition of shares by the company would also have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules (in particular Part XI of Chapter 8 of the Catalist Rules which relates to the purchase or acquisition by an issuer of its own shares) and such other laws and regulations as may for the time being be applicable. Regulation 19(1) of the Company's Constitution expressly permits the Company to carry out a purchase or acquisition of its issued Shares.

Under the Companies Act and the Catalist Rules, a company that wishes to purchase or otherwise acquire its own shares must obtain the approval of its shareholders to do so at a general meeting. Accordingly, approval is now being sought from Shareholders at the EGM for the proposed adoption of the Share Purchase Mandate. An ordinary resolution will be proposed at the EGM pursuant to which the Share Purchase Mandate will be granted to the Directors to exercise all powers of the Company to carry out the purchase or acquisition of Shares on the terms of the Share Purchase Mandate.

If approved by Shareholders at the EGM, the authority conferred by the Share Purchase Mandate will take effect from the date of the EGM ("**Approval Date**") and continue to be in force until the earliest of (i) the date on which the next AGM is or is required by law or the Constitution to be held; (ii) the date on which the share purchases are carried out to the full extent mandated; or (iii) the date the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting.

#### 3.2 Rationale for the Share Purchase Mandate

The rationale for the Share Purchase Mandate includes the following:

- (a) The Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to return surplus cash over and above its ordinary capital requirements and investment needs to its Shareholders in an expedient and cost-efficient manner.
- (b) The Share Purchase Mandate will allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.
- (c) The purchase or acquisition of Shares under the Share Purchase Mandate will help to mitigate short-term share price volatility by stabilising the supply and demand of issued Shares and offset the effects of short-term share price speculation, thereby supporting the fundamental value of the issued Shares and bolstering Shareholders' confidence.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases

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or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity of Shares or the financial position of the Company and the Group or result in the Company being delisted. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

### 3.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if approved at the EGM, are summarised below:

(a) Maximum Number of Shares

The Company may purchase only Shares which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares (excluding any treasury shares and subsidiary holdings, if any) as at the Approval Date unless the Company has reduced its share capital by a special resolution under Section 78C of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit.

For illustrative purposes only, based on the issued share capital of the Company as at the Latest Practicable Date of 138,563,978 Shares (with no treasury shares or subsidiary holdings), and assuming that no new Shares are issued on or prior to the date of the EGM, not more than 13,856,397 Shares, representing 10% of the issued Shares as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

The Company may not acquire its own Shares if as a result thereof, the issued share capital of the Company would be reduced below the minimum subscribed capital specified in the Constitution, or if the Share purchase is carried out to such an extent that it affects the listing status of the Company on the Catalist or causes the Company to be unable to meet the minimum public float requirement.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:—

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

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## LETTER TO SHAREHOLDERS

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- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in a general meeting.

The Share Purchase Mandate may be renewed at each subsequent annual general meeting or other general meeting of the Company.

(c) Manner of Purchase

Purchases of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C(6) of the Companies Act) ("**Off-Market Purchases**").

Market Purchases refer to purchases of Shares by the Company effected on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:–
  - (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:–

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share purchase;

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- (iv) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (vi) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

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### 3.4 Status of Purchased Shares

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share.

#### (a) Cancelled Shares

Where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

#### (b) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:

##### (i) *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

##### (ii) *Voting and other Rights*

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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## LETTER TO SHAREHOLDERS

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### *(iii) Disposal and Cancellation*

The Company may dispose of treasury shares at any time in the following ways:

- (aa) selling the treasury shares for cash;
- (bb) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (cc) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (dd) cancelling the treasury shares; or
- (ee) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

### **3.5 Source of Funds and Financial Effects**

The Companies Act permits the Company to purchase or acquire its Shares out of capital or distributable profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of payment for the Shares purchased or acquired, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
  - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value or earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are

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subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

For illustrative purposes only and on the basis of the following assumptions:

- (a) that the purchase or acquisition by the Company of 13,856,397 Shares, representing 10% of its issued Shares as at the Latest Practicable Date, was made on 30 September 2018;
- (b) that, in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of \$0.0966 for each Share (being 105% of the Average Closing Price as at the Latest Practicable Date), and, in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of \$0.1104 for each Share (being 120% of the Average Closing Price as at the Latest Practicable Date); and
- (c) that the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, \$1,338,527, and in the case of Off-Market Purchases, \$1,529,746, was financed entirely using its internal sources of funds,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for FY2018, are set out below.

## LETTER TO SHAREHOLDERS

### Market Purchases

#### Scenario 1

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and held as treasury shares***

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase <sup>(2)</sup> \$'000
<b>As at 30 September 2018</b>				
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	(1,339)	–	(1,339)
Shareholders' funds	7,277	5,938	15,736	14,397
Net tangible assets	7,747	6,408	15,736	14,397
Current assets	17,635	16,296	4,971	4,909
Current liabilities	11,530	11,530	313	1,590
Working capital	6,105	4,766	4,658	3,319
Total liabilities	13,658	13,658	313	1,590
Cash and cash equivalents	8,983	7,644	62	–
Number of Shares ('000)	138,564	124,708	138,564	124,708

#### **Financial Ratios**

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	5.14	11.36	11.54
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.30	0.02	0.11
Current ratio <sup>(6)</sup> (times)	1.53	1.41	15.88	3.09

#### **Notes:**

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,277,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.



## LETTER TO SHAREHOLDERS

### Scenario 2

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and held as treasury shares***

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase <sup>(2)</sup>
<b>As at 30 September 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	(1,339)	–	(1,339)
Shareholders' funds	7,277	5,938	15,736	14,397
Net tangible assets	7,747	6,408	15,736	14,397
Current assets	17,635	16,296	4,971	4,909
Current liabilities	11,530	11,530	313	1,590
Working capital	6,105	4,766	4,658	3,319
Total liabilities	13,658	13,658	313	1,590
Cash and cash equivalents	8,983	7,644	62	–
Number of Shares, net of treasury shares ('000)	138,564	124,708	138,564	124,708
<b>Financial Ratios</b>				
Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	5.14	11.36	11.54
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.30	0.02	0.11
Current ratio <sup>(6)</sup> (times)	1.53	1.41	15.88	3.09

**Notes:**

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,277,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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### Scenario 3

#### *Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and cancelled*

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase <sup>(2)</sup> \$'000
<b>As at 30 September 2018</b>				
Share capital	16,225	14,886	16,225	14,886
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	–	–	–
Shareholders' funds	7,277	5,938	15,736	14,397
Net tangible assets	7,747	6,408	15,736	14,397
Current assets	17,635	16,296	4,971	4,909
Current liabilities	11,530	11,530	313	1,590
Working capital	6,105	4,766	4,658	3,319
Total liabilities	13,658	13,658	313	1,590
Cash and cash equivalents	8,983	7,644	62	–
Number of Shares, net of treasury shares ('000)	138,564	124,708	138,564	124,708

### Financial Ratios

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	5.14	11.36	11.54
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.30	0.02	0.11
Current ratio <sup>(6)</sup> (times)	1.53	1.41	15.88	3.09

#### Notes:

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,277,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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### Scenario 4

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and cancelled***

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase <sup>(2)</sup>
<b>As at 30 September 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(5,569)	(489)	(1,828)
Treasury shares	–	–	–	–
Shareholders' funds	7,277	5,938	15,736	14,397
Net tangible assets	7,747	6,408	15,736	14,397
Current assets	17,635	16,296	4,971	4,909
Current liabilities	11,530	11,530	313	1,590
Working capital	6,105	4,766	4,658	3,319
Total liabilities	13,658	13,658	313	1,590
Cash and cash equivalents	8,983	7,644	62	–
Number of Shares, net of treasury shares ('000)	138,564	124,708	138,564	124,708
<b>Financial Ratios</b>				
Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	5.14	11.36	11.54
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.30	0.02	0.11
Current ratio <sup>(6)</sup> (times)	1.53	1.41	15.88	3.09

**Notes:**

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,277,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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### Off-Market Purchases

#### Scenario 5

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and held as treasury shares***

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase <sup>(2)</sup> \$'000
<b>As at 30 September 2018</b>				
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	(1,530)	–	(1,530)
Shareholders' funds	7,277	5,747	15,736	14,206
Net tangible assets	7,747	6,217	15,736	14,206
Current assets	17,635	16,105	4,971	4,909
Current liabilities	11,530	11,530	313	1,781
Working capital	6,105	4,575	4,658	3,128
Total liabilities	13,658	13,658	313	1,781
Cash and cash equivalents	8,983	7,453	62	–
Number of Shares ('000)	138,564	124,708	138,564	124,708

#### **Financial Ratios**

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	4.99	11.36	11.39
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.38	0.02	0.13
Current ratio <sup>(6)</sup> (times)	1.53	1.40	15.88	2.76

#### **Notes:**

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,468,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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### Scenario 6

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and held as treasury shares***

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase <sup>(2)</sup>
<b>As at 30 September 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	(1,530)	–	(1,530)
Shareholders' funds	7,277	5,747	15,736	14,206
Net tangible assets	7,747	6,217	15,736	14,206
Current assets	17,635	16,105	4,971	4,909
Current liabilities	11,530	11,530	313	1,781
Working capital	6,105	4,575	4,658	3,128
Total liabilities	13,658	13,658	313	1,781
Cash and cash equivalents	8,983	7,453	62	–
Number of Shares ('000)	138,564	124,708	138,564	124,708

### Financial Ratios

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	4.99	11.36	11.39
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.38	0.02	0.13
Current ratio <sup>(6)</sup> (times)	1.53	1.40	15.88	2.76

### Notes:

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,468,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

## LETTER TO SHAREHOLDERS

### Scenario 7

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and cancelled***

	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase <sup>(2)</sup> \$'000
<b>As at 30 September 2018</b>				
Share capital	16,225	14,695	16,225	14,695
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(4,230)	(489)	(489)
Treasury shares	–	–	–	–
Shareholders' funds	7,277	5,747	15,736	14,206
Net tangible assets	7,747	6,217	15,736	14,206
Current assets	17,635	16,105	4,971	4,909
Current liabilities	11,530	11,530	313	1,781
Working capital	6,105	4,575	4,658	3,128
Total liabilities	13,658	13,658	313	1,781
Cash and cash equivalents	8,983	7,453	62	–
Number of Shares ('000)	138,564	124,708	138,564	124,708

### Financial Ratios

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	4.99	11.36	11.39
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.38	0.02	0.13
Current ratio <sup>(6)</sup> (times)	1.53	1.40	15.88	2.76

### Notes:

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,468,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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## LETTER TO SHAREHOLDERS

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### Scenario 8

***Purchase or acquisition of 13,856,397 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and cancelled***

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase <sup>(2)</sup>
<b>As at 30 September 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	–	–
Foreign exchange reserve	– <sup>(1)</sup>	– <sup>(1)</sup>	–	–
Accumulated losses	(4,230)	(5,760)	(489)	(2,019)
Treasury shares	–	–	–	–
Shareholders' funds	7,277	5,747	15,736	14,206
Net tangible assets	7,747	6,217	15,736	14,206
Current assets	17,635	16,105	4,971	4,909
Current liabilities	11,530	11,530	313	1,781
Working capital	6,105	4,575	4,658	3,128
Total liabilities	13,658	13,658	313	1,781
Cash and cash equivalents	8,983	7,453	62	–
Number of Shares ('000)	138,564	124,708	138,564	124,708

### Financial Ratios

Net tangible assets per Share <sup>(3)</sup> (cents)	5.59	4.99	11.36	11.39
Loss per Share (cents)	(2.58)	(2.75) <sup>(4)</sup>	(0.23)	(0.25) <sup>(4)</sup>
Gearing ratio <sup>(5)</sup> (times)	1.88	2.38	0.02	0.13
Current ratio <sup>(6)</sup> (times)	1.53	1.40	15.88	2.76

### Notes:

- (1) Less than \$1,000.
- (2) Assume borrowings of \$1,468,000 from its subsidiaries in connection with the purchase of Shares by the Company.
- (3) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.
- (4) Computed based on the total number of Shares of 124,707,581 following the Share purchase by the Company.
- (5) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).
- (6) Current ratio equals current assets divided by current liabilities.

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## LETTER TO SHAREHOLDERS

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**Shareholders should note that the financial effects set out in this section 3.5 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2018 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.**

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

### **3.6 Catalyst Rules**

Under the Catalyst Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in section 3.3(d) above, conforms to this restriction.

The Catalyst Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Catalyst Rules.

While the Catalyst Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalyst Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's half-year or full-year results, as the case may be, and ending on the date of announcement of the relevant results.

### **3.7 Listing Status on the SGX-ST**

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its issued Shares (excluding treasury shares and subsidiary holdings, if any) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Catalyst Rules) of such persons.



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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, there were approximately 54,044,133 issued Shares in the hands of the public (as defined above), representing approximately 39.00% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 40,187,736 Shares, representing approximately 32.23% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company. As at the Latest Practicable Date, the Company did not have any treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

- (a) affecting adversely the listing status of the Shares on the SGX-ST;
- (b) causing market illiquidity; or
- (c) affecting adversely the orderly trading of Shares.

### 3.8 Tax Implications

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital will depend on whether such proceeds are receipts of an income or capital nature.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

### 3.9 Implications of Take-over Code

#### 3.9.1 Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under

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## LETTER TO SHAREHOLDERS

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Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 of the Take-over Code (“**TOC Appendix 2**”).

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:–

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company’s voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

### 3.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

### 3.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Ingenieur Holdings, the controlling Shareholder of the Company, together with persons acting in concert with it, namely, Lim Say Chin, Chew Chee Keong and Goi Chew Leng, who are Directors of the Company as well as directors and shareholders of Ingenieur Holdings (the “**Concert Party Group**”), collectively held approximately 60.89% of the voting rights in the Company. The Concert Party Group would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company under the Share Purchase Mandate.

**Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.**

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## LETTER TO SHAREHOLDERS

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### 3.10 Reporting Requirements

Within 30 days of the passing of the Shareholders' resolution to approve the proposed Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profit or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

### 3.11 No Share Purchases in the Previous 12 Months

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(2)</sup>	Number of Shares	% <sup>(2)</sup>
<b>Directors</b>				
Lim Say Chin <sup>(1)</sup>	6,000,000	4.33	66,130,645	47.73
Chew Chee Keong <sup>(1)</sup>	6,239,200	4.50	66,130,645	47.73
Goi Chew Leng <sup>(1)</sup>	6,000,000	4.33	66,130,645	47.73
Yee Kit Hong	100,000	0.07	–	–
Elaine Beh Pur-Lin	50,000	0.04	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Ingenieur Holdings Pte. Ltd.	66,130,645	47.73	–	–

**Notes:**

- (1) Mr Lim Say Chin, Mr Chew Chee Keong and Mr Goi Chew Leng are deemed to have an interest in the 66,130,645 Shares held by Ingenieur Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (2) The percentages of issued share capital are calculated based on 138,563,978 Shares in the capital of the Company as at the Latest Practicable Date.

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## LETTER TO SHAREHOLDERS

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None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Diversification and proposed Share Purchase Mandate, other than through their respective shareholdings in the Company (if any).

### **5. DIRECTORS' RECOMMENDATIONS**

#### **5.1 The Proposed Diversification**

Having fully considered the rationale for the Proposed Diversification as set out in this Circular, the Board believes that the Proposed Diversification is in the best interest of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolution to approve the Proposed Diversification to be tabled at the EGM.

#### **5.2 The Proposed Share Purchase Mandate**

Having fully considered the rationale for the proposed Share Purchase Mandate as set out in this Circular, the Board believes that the proposed Share Purchase Mandate is in the best interest of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolution to approve the proposed Share Purchase Mandate to be tabled at the EGM.

### **6. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 36 of this Circular, will be held at 4 Kaki Bukit Avenue 1, #04-04, Kaki Bukit Industrial Estate, Singapore 417939 on 4 July 2019 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the resolutions set out in the Notice of EGM.

### **7. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 72 hours before the time fixed for the EGM. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

### **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board collectively and individually accepts full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the proposed Share Purchase Mandate, the Company and its subsidiaries, and the Board is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly

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## LETTER TO SHAREHOLDERS

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available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Annual Report of the Company for the financial year ended 30 September 2018;
- (b) the Agreement; and
- (c) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**ACROMECH LIMITED**

Lim Say Chin  
Executive Chairman and Managing Director

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ACROMEK LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201544003M)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of ACROMEK Limited (the “**Company**”) will be held at 4 Kaki Bukit Avenue 1, #04-04, Kaki Bukit Industrial Estate, Singapore 417939, on 4 July 2019 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

#### Ordinary Resolution 1

##### THE PROPOSED DIVERSIFICATION

That:

- (a) approval be and is hereby given for the diversification of the Group’s core business to include the building, owning and operating of power plants involving the generation of electricity using sustainable sources, as more particularly described in Section 2.2 of the circular to shareholders dated 19 June 2019 issued by the Company; and
- (b) any Director be and is hereby authorised to complete and do all such acts and things (including executing or amending such documents as may be required) as he may consider expedient or necessary to give effect to the above.

#### Ordinary Resolution 2

##### THE PROPOSED SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares (“**Shares**”) in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
  - (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
  - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;
- (c) in this Resolution:

**“Prescribed Limit”** means 10% of the issued ordinary Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this Resolution; and **“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase : 120% of the Average Closing Price,

where:

**“Average Closing Price”** is the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

**“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**“Market Day”** means a day on which the SGX-ST is open for trading in securities; and

- (d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

By Order of the Board

Wee Mae Ann  
Company Secretary  
Singapore, 19 June 2019

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:–**

- (i) Unless otherwise permitted under the Companies Act, Chapter 50 (the “**Companies Act**”), member of the Company entitled to attend and vote at the EGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- (iii) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
- (iv) If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its duly authorised officer or attorney.
- (v) The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 not less than 72 hours before the time appointed for holding the EGM.

**Personal data privacy:–**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), and (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



## PROXY FORM

### ACROMEK LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201544003M)

#### IMPORTANT

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting ("EGM") in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the EGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport Number/Company Registration No.)

of \_\_\_\_\_ (Address)

being a \*member/members of ACROMEK LIMITED (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of Shares	%
Address			

as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf, at the EGM of the Company to be held at 4 Kaki Bukit Avenue 1, #04-04, Kaki Bukit Industrial Estate, Singapore 417939, on 4 July 2019 at 10.00 a.m. and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

	For	Against
<b>ORDINARY RESOLUTION</b>		
To approve the proposed diversification of business to include the Renewable Energy Business		
To approve the proposed Share Purchase Mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of the EGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

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## PROXY FORM

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**Notes:–**

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.
3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
5. This proxy form duly executed must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 not less than 72 hours before the time set for the EGM.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 19 June 2019.



