

ACROMEK LIMITED

(incorporated in the Republic of Singapore)
(Company Registration Number: 201544003M)
(the “Company”)

The logo for ACROMEK, featuring the word "ACROMEK" in white, uppercase letters on a blue rectangular background.

SHARE SWAP ARRANGEMENT IN RELATION TO JOINT VENTURE FOR NTP

1. INTRODUCTION

- 1.1 The Board of Directors of the Company (the “**Board**”) (together with its subsidiaries, the “**Group**”) wish to announce that, on 11 November 2021, various conditional transactional documents (the “**Transactional Documents**”) have been executed for the purpose of implementing an internal reorganisation within the Group, by way of a share swap (“**Share Swap**”), whereby it is proposed that Nutara Investment Pte Ltd (the “**Investor**”) would exchange its 30% direct shareholdings in Neo Tiew Power Pte Ltd (“**NTP**”) for 30% direct shareholdings in Acropower Pte Ltd (“**Acropower**”). Acropower is an investment holding company for biomass-to-energy projects (presently with the Facility (as defined below) being NTP’s sole project).
- 1.2 NTP owns and is in the midst of commissioning the biomass-to-energy plant situated at Chew’s Agriculture poultry farm at Neo Tiew Road (the “**Facility**”), further information of which can be found in the Company’s announcements of 10 September 2020 and 26 November 2020, as well as in the Company’s circular dated 19 June 2019.
- 1.3 Upon completion of the Share Swap, NTP would be 100% owned by Acropower, which is in turn 56% owned by the Company, 30% owned by the Investor, and 14% owned by Green Energy Resources (M) Sdn Bhd (“**GER**”). The effective interest of the Company, the Investor and GER in NTP (through Acropower) remain unchanged after the Share Swap. Annex 1 illustrates the current shareholdings structure in relation to NTP, and immediately after the Share Swap. There is no additional consideration payable or received by the Group given that the Share Swap is an internal reorganisation involving the relevant parties.
- 1.4 The Share Swap is proposed to be implemented to facilitate further joint developments of biomass-to-value projects between the Company and the Investor, through Acropower.

2. SHARE SWAP

- 2.1 **Transactional Documents:** The Transactional Documents executed for the purposes of implementing the Share Swap comprise *inter alia* the following key agreements:
- (a) a conditional share subscription agreement (“**SSA**”) between the Investor and Acropower, in relation to the Investor’s subscription of 30% equity interest in Acropower in exchange for the Investor transferring its current 30% equity interest in NTP to Acropower; and
 - (b) a joint venture agreement (“**JVA**”) amongst Acropower, the Investor, the Company and GER, which serves to regulate their relationship *inter se* as shareholders of Acropower. The JVA comes into effect on completion of the Share Swap.
- 2.2 **Conditions Precedent:** The Share Swap would only be effected upon satisfaction (or waiver) of various conditions precedent, including the due execution of other Transactional Documents

comprising *inter alia* a deed providing for the amendment and novation of a shareholder loan extended to NTP (with the Company replacing Acropower as the lender), a deed of termination of the Commitment Letter (defined below), management accounts of Acropower being satisfactory to the Investor, and also Acropower having obtained all consents, waivers and approvals of, notices to and filings or registrations with any governmental authority or any other third party required to consummate the transactions contemplated in the SSA.

2.3 **JVA:** The terms of the JVA are substantially the same as those contained in the earlier joint venture agreement between Acropower and the Investor in relation to NTP¹ except that the joint venture vehicle is now Acropower (instead of NTP) and with the following key differences:

- (a) the board of directors of Acropower shall comprise four (4) directors, with two (2) directors nominated by the Company, one (1) director nominated by GER and one (1) director nominated by the Investor;
- (b) the JVA provides that certain reserved matters (such as material disposals, changes to capital structure, restructuring or liquidation of Acropower) may only be decided with the affirmative written approval of both the Investor and GER, while certain other reserved matters may only be decided with the affirmative written approval of the Investor; and
- (c) in exchange for the termination of the Commitment Letter, the Investor is entitled to receive nil-paid new shares in the capital of Acropower to raise its shareholdings to a maximum of 37% (from its initial 30% shareholdings) in the event that Acropower is unable to meet certain agreed financial performance benchmarks for the financial year ending 30 September 2023. In such circumstances, Acropower would be 50.4% owned by the Company, 12.6% owned by GER, and 37.0% owned by the Investor.

3. ANCILLARY ARRANGEMENTS

3.1 The following ancillary arrangements are to be effected on completion of the Share Swap, having regard that Acropower takes the place of NTP as the joint venture vehicle between the Company and the Investor (and now also including GER).

3.2 **Novation of Shareholder Loan:** The S\$5,000,000 shareholder loan extended to NTP would be novated, with the Company taking the place of Acropower as the lender. The S\$2,700,000 shareholder loan extended to NTP by the Investor (as lender) would remain unchanged.

3.3 **Purchase Order:** The purchase order for the Facility would be restated and novated with Acromec Engineers Pte. Ltd. (“**AE**”) taking the place of Acropower as the supplier and AE’s potential liability under the purchase order is reduced to 50% of the purchase order’s value, pursuant to a deed of novation and restatement entered into among AE, NTP and Acropower.

3.4 **Termination of Commitment Letter:** The commitment letter (“**Commitment Letter**”) providing the Investor exit rights if NTP becomes insolvent or is unable to meet certain agreed financial performance benchmarks for the financial year ending 30 September 2023 would be terminated. Further information on the Commitment Letter can be found in the Company’s announcement dated 26 November 2020.

4. ILLUSTRATIVE FINANCIAL EFFECTS

4.1 **Assumptions:** The pro forma financial effects as set out below are prepared purely for illustrative purposes only and do not reflect the actual financial position of the Group after the

¹ Further information can be found in the Company’s announcement dated 10 September 2020.

Share Swap. These pro forma financial effects have been prepared based on the latest announced audited consolidated financial accounts of the Group for the full year ended 30 September 2020 (“FY2020”).

- 4.2 **NTA:** For illustrative purposes and assuming that the Group had contributed to the full extent of the Share Swap at the end of FY2020, the effect of the Share Swap on the net tangible assets (“NTA”) of the Group is as follows:

	Before Share Swap	After Share Swap
NTA as at 30 September 2020 (S\$'000)	5,993	5,976
No. of shares	138,563,978	138,563,978
NTA per share as at 30 September 2020 (S\$ cents)	4.33	4.31

- 4.3 **LPS:** For illustrative purposes and assuming that the Group had contributed the full extent of the Share Swap at the beginning of FY2020, the effect of the Share Swap on the loss per share (“LPS”) of the Company is as follows:

	Before Share Swap	After Share Swap
Net profit/(loss) attributable to owners of the Company for FY2020 (S\$'000)	(1,514)	(1,521)
Weighted average number of shares – Basic/diluted	138,563,978	138,563,978
LPS for FY2020 – basic/diluted (S\$ cents)	(1.09)	(1.10)

- 4.4 **Share capital:** As no shares of the Company will be issued in connection with the Share Swap, the Share Swap will not have any impact on the issued share capital of the Company.

5. **RELATIVE FIGURES**

- 5.1 The Share Swap is carried out as part of the internal reorganisation and the effective interest which the Group has in NTP remains the same at 56% after the Share Swap. Notwithstanding this, the Company’s direct interest in Acropower will be reduced from 80% to 56% following the completion of the Share Swap.
- 5.2 In accordance with Rule 1007(2) of Chapter 10 of the Listing Manual (Section B: Rules of Catalyst) of the SGX-ST (“Catalist Rules”), the relative figures computed pursuant to Rule 1006 are as follows:

Rule 1006(a): Net asset value of the assets to be disposed of, compared with the Group’s net asset value

Net asset/(liability) value of assets to be disposed of (S\$)	(14,390)
Group’s net asset value (S\$'000)	7,423
Size of relative figure (%)	(0.19) ⁽¹⁾

Rule 1006(b): Net profits attributable to the assets to be disposed, compared with the Group’s net profits

Net profits/(loss) ⁽²⁾ attributable to the assets to be disposed (S\$'000)	(10) ⁽³⁾
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Group's net profits (S\$'000)	29
Size of relative figure (%)	(34.5)

Rule 1006(c): *Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares*

Value of the consideration given (S\$)	14,390 ⁽⁵⁾
The Company's market capitalisation as at 3 November 2021 (S\$) ⁽⁴⁾	11,500,810
Size of relative figure (%)	0.13

Rule 1006(d): *Number of equity securities issued by the Company as consideration, compared with the number of equity securities previously in issue*

Size of relative figure (%)	Not applicable ⁽⁶⁾
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Rule 1006(e): *The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets*

Size of relative figure (%)	Not applicable ⁽⁷⁾
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Notes:-

- (1) As at 31 March 2021, Acropower was in a net liability position as its sole project, being the Facility, is currently in the midst of construction. The net liability is computed based on 24% reduction in the shareholding interest in Acropower.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on 24% shareholding interest in Acropower's unaudited 6-month financial period ended 31 March 2021.
- (4) The market capitalisation of the Company was determined by multiplying the total number of Company shares, being 138,563,978 shares (excluding treasury shares) by S\$0.083 (being the volume weighted average traded price of such Company shares on 3 November 2021). There was no transactions recorded between 4 November 2021 and 10 November 2021. 10 November 2021 is the market day preceding the date of the Transactional Documents.
- (5) Based on 21,429 new shares issued by Acropower.
- (6) This is not applicable as no shares will be issued by the Company as consideration.
- (7) This is not applicable as the Company is not a mineral, oil and gas company.

Accordingly, based on the guidance provided in paragraph 4.4(c) of Practice Note 10A of the Catalist Rules, as (i) the absolute relative figures computed on the bases of Rules 1006(b) and 1006(c) do not exceed 50%; and (ii) the reduction in the 24% shareholding in Acropower will result in a gain of approximately S\$14,390 to the Group, the Share Swap is a discloseable transaction.

6. SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Share Swap.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Share Swap other than through their respective

directorships and/or shareholding interests in the Company.

8. DOCUMENTS FOR INSPECTION

Copies of the Transactional Documents are available for inspection during normal business hours at the registered office of the Company at 4 Kaki Bukit Avenue 1 #04-04, Singapore 417939 for a period of three (3) months from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

Further announcements on the Share Swap will be made in due course as and when there are material developments.

By Order of the Board

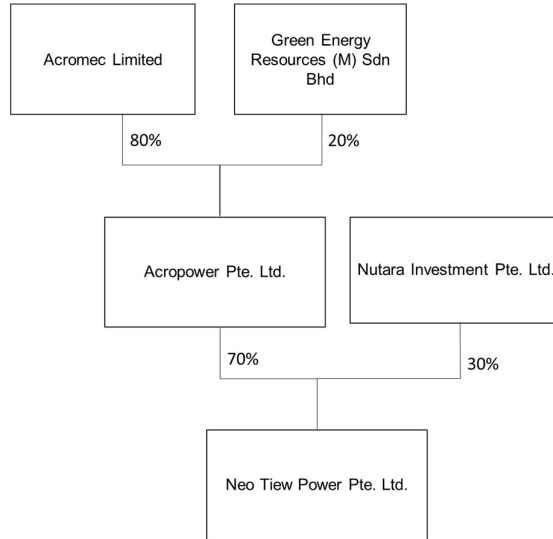
Lim Say Chin
Executive Chairman and Managing Director
12 November 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

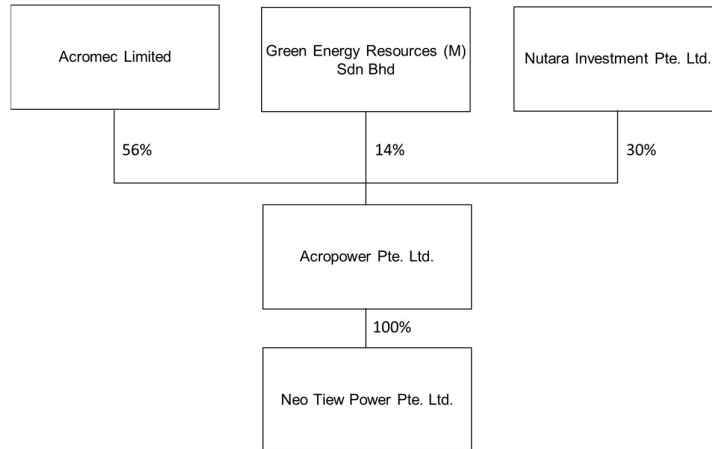
The contact person for the Sponsor is Mr. Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg).

Annex 1

Current structure in relation to NTP*



Structure immediately after the Share Swap**



*Prior to the Share Swap, the effective interest of the Company in NTP is 56%.

**The Share Swap is carried out as part of the internal reorganisation within the Group, and the effective interest which the Company has in NTP will remain the same at 56% after the Share Swap.