

ACROMETA GROUP LIMITED
(formerly known as Acromec Limited)
(Company Registration No.: 201544003M)
(Incorporated in Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

1.1. The board of directors (the “**Board**” or “**Directors**”) of AcroMeta Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 138,563,978 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.02 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (the “**Shares**”) held by shareholders of the Company (the “**Shareholders**”) who are eligible to participate in the Rights Issue as at the Record Date (as defined below), fractional entitlements to be disregarded. The Rights Issue shall take place as at a time and date to be determined by the Directors, at and on which the register of members of the Company and the transfer books will be closed to determine the provisional allotment of the Rights Shares of the Entitled Shareholders (as defined herein) (the “**Record Date**”). For the avoidance of doubt, the Rights Issue cannot be withdrawn after the commencement of ex-rights trading. In accordance with Rule 821 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Record Date shall only be determined after the listing and quotation notice for the dealing in, listing of and quotation for the Rights Shares on the Catalist board of the SGX-ST (the “**LQN**”) has been issued by the SGX-ST.

1.2. The principal terms of the Rights Issue are summarised as follows:

Issue Price	S\$0.02 per Rights Share, payable in full upon acceptance and/or application.
Discount (specifying benchmarks and periods)	<p>The Issue Price represents a discount of approximately:</p> <p>(a) 70% to the closing price of S\$0.066 per Share for trades done on the SGX-ST on 25 November 2022 (being the last trading day where there were Shares traded immediately prior to the date of this announcement); and</p> <p>(b) 53% to the theoretical ex-rights price of S\$0.043 per Share (calculated based on the closing price of S\$0.066 per Share for trades done on the SGX-ST on 25 November 2022, being the last trading day where there were Shares traded immediately prior to the date of this announcement).</p> <p>The Issue Price and the discount have been determined after taking into account, among others, fundraising needs and the Company’s share price performance and volume in the past 12 months.</p>

Allotment Ratio	The Rights Issue will be offered on a renounceable basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every one (1) existing Share held by Shareholders as at the Record Date, fractional entitlements to be disregarded.
Use of Proceeds	Please refer to paragraph 4 of this announcement for details on the use of proceeds of the Rights Issue.
Purpose of Rights Issue	Please refer to paragraph 3 of this announcement for details on the purpose of the Rights Issue.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue, including the procedures for acceptances and applications for the Rights Shares, will be contained in the offer information statement (the “**Offer Information Statement**”) and its accompanying documents to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (“**Authority**”), and to be electronically disseminated by the Company to Entitled Shareholders in due course.

2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

2.1. Basis of Provisional Allotment

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to all Entitled Shareholders (as defined herein), on the basis of one (1) Rights Shares for every one (1) existing Share held by the Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

2.2. Authority to issue the Rights Shares

The Rights Shares are intended to be issued and allotted pursuant to and within the limits of the general share issue mandate (the “**General Mandate**”) to issue new Shares whether by way of rights, bonus or otherwise, which was approved by Shareholders at the annual general meeting of the Company held on 20 January 2022 (the “**2022 AGM**”).

The General Mandate authorises the Directors to, *inter alia*, issue and allot Shares on a *pro rata* basis, whether by way of rights, bonus or otherwise, of up to 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2022 AGM (after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were outstanding or subsisting as at the time the General Mandate was obtained provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and any subsequent bonus issue or consolidation or subdivision of Shares).

As at the date of the 2022 AGM, the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company was 138,563,978. Accordingly, the maximum number of Shares that may be issued pursuant to the General Mandate on a *pro rata* basis is 138,563,978 Shares. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the Company will not be required to seek approval from Shareholders for the issuance of the Rights Shares as the maximum number of 138,563,978 Rights Shares is within the limit of the General Mandate.

2.3. **Issue Size**

Based on the Company's issued and paid-up share capital comprising 138,563,978 Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of this announcement ("**Existing Issued Share Capital**") and assuming no new Shares are issued on or prior to the Record Date and the assumption that all Entitled Shareholders subscribe in full and pay for their *pro rata* entitlements of Rights Shares, the Company will allot and issue up to 138,563,978 Rights Shares under the Rights Issue.

The Company does not hold any treasury shares and subsidiary holdings as at the date of this announcement.

As at the date of this announcement, the Company has no existing warrants or other convertible securities.

2.4. **Ranking of the Rights Shares**

The Rights Shares will be payable in full upon acceptance and/or application. The Rights Shares, when issued and allotted, will rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

For this purpose, a "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company's share registrar, In.Corp Corporate Services Pte. Ltd. (the "**Share Registrar**"), or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.5. **Provisional Allotments and Excess Applications**

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradable on the Catalist board of the SGX-ST over a period to be determined by the Directors in compliance with the Catalist Rules. Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors (as defined herein) only, trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares ("**Excess Rights Shares**") in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company, subject to applicable laws and the Catalist Rules.

In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, whereas Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company, or the terms of the Rights Issue, or have a representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will not make any issuance and allotment of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares and for the applications for Excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

2.6. **Scaling Down of Subscriptions**

The Singapore Code on Take-overs and mergers (the “**Takeover Code**”) regulates the acquisition of ordinary shares of, *among others*, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six (6)-month period, must extend a mandatory general offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Depending on the level of subscription for the Rights Issue, the Company may, if necessary and upon the approval of the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares by any Shareholder (if such Shareholder chooses to subscribe for such Shareholder’s *pro rata* Rights Shares entitlement and/or apply for Excess Rights Shares) to avoid a transfer of controlling interest in the Company to such Shareholder or placing such Shareholder and/or parties acting in concert with it (as defined in the Takeover Code) in the position of incurring an obligation to make a mandatory general offer under the Takeover Code as a result of other Entitled Shareholders (as defined below) not taking up, whether partly or in full, their provisional allotments of the Rights Shares.

2.7. **Non-underwritten basis of the Rights Shares**

The Rights Issue will not be underwritten. The Directors are of the opinion that there is no minimum amount that must be raised from the Rights Issue. Accordingly, the Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees and commission.

3. **RATIONALE FOR THE RIGHTS ISSUE**

Owing to the COVID-19 pandemic, the Group’s operations has experienced cumulative losses of approximately S\$2.0 million over the past two years. However, with the lifting of restrictions and resumption to normalcy, the Group’s revenue in the financial year ended 30 September 2022 (“**FY2022**”) increased by 117% over the previous year as business activities improved on the back of a strong order book from new contract wins. However, the costs of sales for FY2022 increased at a faster pace of approximately 126%, largely in line with the increase in revenue and resulting in lower gross margins. At the same time, operating expenses increased substantially, growing 39% year-on-year. The Group expects continued pressure on its margins and its operating conditions to remain challenging as the construction industry is affected by

higher cost from energy, labour and materials prices, driven by inflationary pressure, partly from the heightened geopolitical tensions, high interest rate environment and labour constraints.

While cash and cash equivalents has remained stable in FY2022 at approximately S\$4.0 million, borrowings (including bills payables) have increased from S\$11.1 million in the financial year ended 30 September 2021 (“FY2021”) to S\$13.7 million in FY2022 to fund the increase in working capital requirements. The Group’s negative working capital amounts in FY2022 have similarly increased from S\$0.5 million to S\$2.1 million, due to repayment of bank borrowings and additional capital expenditure incurred on the construction of the waste-to-energy plant from the renewable energy business segment.

As it is envisaged that the higher level of business activities for its main engineering, procurement, and construction (EPC) business segment will continue, coupled with the increase in the Group’s negative working capital, the Group foresees that it would be prudent to require additional cash reserves to reduce or plug the working capital shortfall.

The Board had considered alternative means of fundraising, including but not limited to raising capital through third-party placements to meet the Group’s working capital needs but decided against doing so as such placement would represent a significant dilution to existing Shareholders. Instead, the Board believes that undertaking the Rights Issue would strengthen the financial position and capital base of the Group and also reward Shareholders who have supported the Group over the COVID-19 pandemic period, providing existing Shareholders who are confident in the future prospects of the Company with an opportunity to maintain their equity participation in the Group and participate in the future growth of the Group. In view of the current financial circumstances, the Company believes that the proposed Rights Issue will strengthen the Company’s balance sheet, for which a stronger financial position will provide financial flexibility for the Group for its working capital needs and also allow the Group to seize opportunities for business growth and expansion in a timely manner and as and when the opportunities arise.

4. USE OF PROCEEDS FROM THE RIGHTS ISSUE

- 4.1. In the event that all the Rights Shares are fully subscribed, the Company expects to receive net proceeds of approximately S\$2.73 million from the Rights Issue (“**Net Proceeds**”), after deducting estimated expenses of approximately S\$40,000 to be incurred in connection with the Rights Issue.
- 4.2. The Company intends to utilise the Net Proceeds for general working capital purposes.

Use of Net Proceeds	Amount	Percentage of Net Proceeds
General working capital requirements of the Group	S\$2.73 million	100%
Total	S\$2.73 million	100%

- 4.3. Where the Net Proceeds are used for general working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the Company’s announcements and annual report. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the stated use of proceeds and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full year financial results announcement(s) and in the Company’s annual report(s) until such time the Net

Proceeds have been fully utilised. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

- 4.4. Pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may, subject to relevant laws and regulations, be placed as deposits with banks and/or financial institutions, or invested in short-term money market instruments or debt instruments and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

5. **OPINION OF DIRECTORS**

The Directors are of the opinion that, after taking into consideration the Company's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group. The Rights Issue will also provide the Shareholders with an opportunity to participate in the growth and expansion of the Group's business and also to maintain their pro rata equity interests in the Company by accepting their pro rata entitlements to the Rights Issue, as well as applying for excess Rights Shares at the Issue Price. For the reasons outlined in paragraph 3 above, the Directors believe the Rights Issue is in the interest of the Group.

The Directors are of the opinion that barring any unforeseen circumstances, and after taking into account the Group's balance cash and cash equivalents and the Net Proceeds the working capital available to the Group is sufficient to meet the Group's present requirements for the next 12 months.

6. **ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE**

6.1. **Eligibility to Participate**

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue on the basis of their shareholdings in the Company as at the Record Date ("**Entitled Shareholders**"). The Entitled Shareholders comprise Entitled Depositors and Entitled Scripholders (each as defined herein).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement (through electronic dissemination, if applicable) together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of CDP or the Share Registrar, as the case may be.

6.2. **Entitled Depositors**

"**Entitled Depositors**" are Shareholders with Shares standing to the credit of their securities accounts with CDP are credited as at 5.00 p.m. (Singapore time) on the Record Date, provided that such Entitled Depositors have registered addresses in Singapore with CDP as at the Record Date or if they have registered addresses outside Singapore, they have provided CDP with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Record Date.

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Record Date.

Shareholders who hold Shares under the SRS or through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares (if applicable) through their relevant approved banks with which they hold their SRS accounts, or the respective finance companies and/or Depository Agents through which such Shareholders hold Shares. **ANY APPLICATION MADE BY THE ABOVE-MENTIONED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES OF ANY PARTICIPATING BANK NAMED IN THE OFFER INFORMATION STATEMENT BY SUCH ENTITLED SHAREHOLDERS WILL BE REJECTED.** Such Shareholders should refer to the Offer Information Statement which will be released in due course) for the details relating to the offer procedure in connection with the Rights Issue.

6.3. Entitled Scripholders

"Entitled Scripholders" are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Share Registrar, registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Company as at the Record Date or if they have registered addresses outside Singapore, they have provided the Share Registrar with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Record Date.

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Record Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares.

6.4. Foreign Shareholders

For practical reasons and to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at 5.00 p.m. (Singapore time) on the Record Date and who have not, by no later than 5.00 p.m. (Singapore time) on the date being three (3) market days (being a day on which the SGX-ST is open for trading in securities) prior to the Record Date, provided to the Share Registrar or CDP, as the case may be, with registered addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). As Foreign Shareholders will not be entitled to participate in the Rights Issue, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares through the book-entry 10 (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers may not accept any "nil-paid" rights credited to their securities accounts unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold "nil-paid" on the SGX-ST, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS BY NOTIFYING IN WRITING, AS THE CASE MAY BE, (I) THE CENTRAL DEPOSITORY (PTE) LIMITED AT 11 NORTH BUONA VISTA DRIVE, #06-07 THE METROPOLIS TOWER 2, SINGAPORE 138589 OR (II) IN.CORP CORPORATE SERVICES PTE. LTD. AT 30 CECIL STREET, #19-08 PRUDENTIAL TOWER, SINGAPORE 049712, IN EACH CASE, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE RECORD DATE.

7. PRIOR EQUITY FUNDRAISING

The Company has not undertaken any previous equity fund raising in the past 12 months.

8. APPROVALS

8.1. Shareholders should note that the Rights Issue is subject to, *inter alia*, the following conditions:

- (a) the receipt of the LQN from the SGX-ST, such approval not having been withdrawn or revoked as at the date of completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (b) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights issue, with the SGX-ST acting as agent on behalf of the Authority.

8.2. An application will be made by the Company, through its Sponsor, to the SGX-ST for the listing and quotation for the Rights Shares on the Catalist board of the SGX-ST. An appropriate announcement will be made in due course when the Company receives the LQN from the SGX-ST.

8.3. The Record Date will also be fixed in due course after obtaining the LQN from the SGX-ST, for which an announcement on the Record Date will be separately made by the Company in due course.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and save for their interests arising by way of their respective shareholding interest in the Company and/or directorships in the Group, as the case may be, none of the Directors nor, to the best of the Directors' knowledge, any of the substantial Shareholders, has any interest, whether direct or indirect, in the Rights Issue.

10. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcement(s) as and when required and/or material developments arise in respect of the Rights Issue.

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and where in doubt as to the action they should take, they should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional adviser(s) immediately.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Lim Say Chin
Executive Chairman and Chief Executive Officer
28 November 2022

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

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