

ACROMEK LIMITED

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



LETTER OF INTENT FOR COLLABORATION ON PRIVATE FERTILITY MEDICAL CENTRE

The Board of Directors (the “**Board**”) of Acromek Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had on 3 June 2019 entered into a letter of intent (“**LOI**”) setting out the principal terms for a proposed collaboration on the ownership and operation of a private fertility medical centre (“**FMC**”). The LOI is non-binding save for certain provisions such as in respect of confidentiality obligations.

The LOI is entered into with two individuals (the “**FMC Core Team**”) and a leading fertility clinic based in the United States of America (the “**US-based Fertility Clinic**”). The FMC Core Team comprises a senior consultant obstetrician and gynaecologist envisaged to serve as Medical Director of the FMC, and an experienced clinical embryologist envisaged to serve as IVF Laboratory Director of the FMC.

The FMC is intended to be managed and led by the FMC Core Team with the US-based Fertility Clinic as a strategic investor and adviser through a special purpose vehicle to be incorporated (the “**Management Co**”).

The assets required for the operation of the FMC (the “**FMC Assets**”), such as the premises on which the FMC is situated and the medical and other equipment situated thereon, are intended to be acquired by the Group and thereafter leased to the Management Co, in each case on terms to be agreed amongst the relevant parties such as the Management Co and the lessor for the premises. The FMC Assets are intended to be purchased from a former customer of the Group which was recently placed under judicial management initiated by the Group for purposes of debt recovery or restructuring. These assets are familiar to the Group as these assets (including the premises on which the assets situate) were designed, put in place and out-fitted by the Group.

The Board believes that this proposed collaboration presents a strategic opportunity for the Group to progress to the next frontier of its core engineering services business and participate in the growth of the fertility business in the region. Beyond the provision of mainly engineering services for controlled environments, the Group is working towards a “turn-key” model where the Group is positioned to source for and obtain funding, design, build and out-fit medical facilities, lease the medical facilities and/or sell these facilities upon completion or on designated milestones. In the current instance, the proposed collaboration can potentially realise greater value for the FMC Assets as compared to a situation where such assets are liquidated and disposed to third-parties. If the proposed collaboration proceeds as planned, the FMC Assets will also contribute an additional revenue stream to the Group through the lease of such assets to the Management Co.

The proposed collaboration is expressed to be subjected to various conditions precedent, including mutually satisfactory due diligence, the negotiation and finalisation of definitive agreements, as well as third-party and regulatory approvals (including shareholders’ approval on the part of the Company for, amongst others, the diversification of the Group’s business from its core engineering services business, if required). The LOI shall lapse one (1) year after the date of its execution unless renewed or earlier terminated.

Shareholders and potential investors are reminded that, at this juncture, there is no assurance as to whether the proposed collaboration will materialise, or whether it will proceed on the terms presently stated in the LOI. Shareholders and potential investors should consult their own legal, financial, tax and other professional advisers if they are in doubt as to any action they should take.

Further announcements will be released on this matter as and when there are material developments.

By Order of the Board

Lim Say Chin
Executive Chairman and Managing Director
6 June 2019

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

The contact person for the Sponsor is Mr. 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).