

ACROMETA GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 2015440003M)

BINDING LETTER OF INTENT TO ACQUIRE CONTROLLING STAKE THROUGH THE PROPOSED ACQUISITION OF ADDITIONAL 40% OF THE ISSUED AND PAID UP SHARE CAPITAL OF ASSOCIATED COMPANY - LIFE SCIENCE INCUBATOR PTE LTD

1. INTRODUCTION

The Board of Directors (the "**Board**") of ACROMETA Group Limited ("**ACROMETA**", or the "**Company**", and together with its subsidiary, the "**Group**") wishes to announce that on 19 February 2023, the Company had entered into a binding letter of intent ("**LOI**") with Tako Ventures LLP ("**Tako**" or the "**JV Partner**") to acquire 20,000 ordinary shares representing 40% of the total issued and paid-up share capital of associated company, Life Science Incubator Pte Ltd ("**LSI**"). ("**Proposed Acquisition**"). As at the date of this announcement, the Company currently holds 15,000 ordinary shares representing 30% of the total issued share capital of LSI.

Upon completion of the Proposed Acquisition ("**Completion**"), LSI will become a 70% owned subsidiary of the Company.

Please refer to paragraph 3 for an overview of the principal terms of the LOI.

2. INFORMATION ON LSI

2.1. Information on LSI

LSI is a company incorporated in Singapore and has an issued and paid-up share capital of S\$50,000 comprising 50,000 ordinary shares. It was established by the JV Partner in October 2020. Its main business activities is in the building and developing and operation of Co-working laboratory spaces. It has built and current operates a 6,500 square feet co-working laboratory space at The German Centre Singapore, which was launch in September 2021. Its existing clients include starts ups and companies mainly in the MedTech, Biotech, Biopharma, FoodTech, and Healthcare sectors. LSI provides flexible co-working laboratory spaces to support their research and development activities.

On 14 July 2021, the Company announced that its wholly owned subsidiary, Acromec Engineers Pte Ltd ("**Acromec**") had entered into a joint venture agreement with the JV Partner for the acquisition of 15,000 ordinary shares of LSI, representing 30% of its total issued and paid-up share capital ("**Partial Acquisition**"). On completion of the Partial Acquisition on 13 August 2021, LSI became a 30%-owned associate company of the Group.

Please refer to the Company's announcements dated 14 July 2021, and 13 August 2021 for further details on the Partial Acquisition.

2.2. Information on the JV Partner

The JV Partner is a Singapore-incorporated limited liability partnership. Its partners are management members of a multinational corporation, which provides laboratory infrastructure solutions, including to the Group. To the knowledge of the Company, none of the partners and managers of the JV Partner are related to any of the directors or substantial shareholders of the Company nor their respective associates, nor do any of them have any shareholding interest in the Company.

2.3. Financial information of LSI

Based on the unaudited management accounts of LSI for the financial year ended 31 December 2022, the net tangible liability ("**NTL**") of LSI as at 31 December 2022 was approximately (S\$262,000), and the loss before tax ("**LBT**") of LSI for the financial year ended 31 December 2022 was approximately S\$17,000. The NTA as at 31 December 2022 and LBT for the financial year ended 31 December 2022 attributable to the Proposed Acquisition amounted to approximately (S\$105,000) and (S\$6,800) respectively.

3. PRINCIPAL TERMS OF THE LOI

3.1. Purchase Consideration

The purchase consideration for the Proposed Acquisition ("**Consideration**") shall be S\$1,600,000, payable in cash based on the following milestones:

Milestones:	Amount to be Paid
Upon completion of Proposed Acquisition	\$ 200,000.00
Upon setting up Australia site	\$ 150,000.00
Upon setting up one more site	\$ 100,000.00
On Australia site achieving EBITDA* \$300,000 per annum	\$ 300,000.00
On another Singapore site ("SG Site 2") achieving EBITDA \$300,000 per annum	\$ 300,000.00
On Australia site achieving EBITDA* \$500K per annum	\$ 300,000.00
On SG Site 2 achieving EBITDA* \$500,000 per annum	\$ 250,000.00

* EBITDA means Earnings before Interest, Tax, Depreciation and Amortisation

The Consideration was based on arm's length negotiations between the Company and the JV Partner, after taking into consideration the following:

- (a) The expected future performance of the current site at The German Centre Singapore. Even though, it has recorded a loss before tax for the financial year 1 January 2022 to 31 December 2022 of \$17,000 and cumulative loss of \$312,000 since it commenced operations in September 2021, its current occupancy rates as at 31 January 2023 has improved and at healthy levels. Based on current occupancy rates, LSI is expected to be EBITDA positive in financial year ending 31 December 2023.
- (b) There is significant interest in the Medtech, Biotech and Foodtech space with many start-ups and companies looking for laboratory spaces to conduct their research and development. Driven by high cost of setting up such laboratories and the lack of

independent laboratory locations, the Company believes that there is growing demand for such co-working laboratory spaces.

- (c) LSI has the capabilities and experience to operate and manage a state-of-the-art laboratory operations and has amassed confidence from numerous international laboratory equipment suppliers to set up in LSI's current laboratory at the German Centre.
- (d) Near term opportunities for overseas expansion, with Australia as the first country. LSI has identified a space/site and in talks with the potential Australian landlord on setting up there. More information will be released when there are material developments post Completion.
- (e) Near term opportunities with a second space/site in Singapore. LSI is in discussions with the potential landlord. More information will be released when there are material developments post Completion.
- (f) Near term opportunities for operating another location/space besides (a), (d) and (e) above.
- (g) The growth of LSI is synergistic to the Group, in particular, Acromec, who have built laboratories for clients like Novartis, Singapore General Hospital, etc.

3.2. Conditions Precedent

Completion is conditional upon several conditions having been fulfilled by date of Completion, which is scheduled on 15 April 2023 (the "**Completion Date**"):-

- (a) Satisfactory due diligence by the Company
- (b) Any changes required on LSI's constitution as a result of being a subsidiary of the Company
- (c) The transfer of the current shares held by Acromec to ACROMETA and the relevant waivers (if required) by the JV Partner.
- (d) Entering into a binding commitment by an anchor tenant to rent the office space of the LSI Australia laboratory facility.
- (e) Written commitment from the Company and the JV Partner to open a minimum of 4 additional sites by 2027, besides Australia and SG Site2 mentioned in point 3.1(d) and 3.1(e) above, subject to comparable business plans and due diligence in suitable regional locations (e.g. Japan, Thailand, Australia, Hong Kong, Taiwan, South Korea)

4. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL (SECTION B: RULES OF CATALIST) OF THE SGX-ST ("CATALIST RULES")**

4.1. Relative bases under Rule 1006 of the Catalist Rules

Based on the unaudited financial statements of the Group for financial year ended 30 September 2022 ("**FY2022**"), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired, compared with Group's net profits	(1.33%) ⁽²⁾
(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 ⁽³⁾	15.36% ⁽⁴⁾
(d)	The number of consideration shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue	Not applicable ⁽⁵⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	Not applicable ⁽⁶⁾

Notes:

- (1) This is not applicable as it is not a disposal.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items. Computed based on 40% of the loss before income tax, minority interest and extraordinary items of LSI for FY2022 of (S\$17,000) and the profit before income tax, minority interests and extraordinary items of the Group for FY2022 of S\$509,762.
- (3) The market capitalisation of the Company was determined by multiplying the total number of Shares, being 277,127,956 Shares (excluding treasury shares) by S\$0.0376 (being the volume weighted average traded price of such Shares on 17 February 2023, being the market day preceding the date of the Proposed Acquisition).
- (4) Computed based on the Consideration of S\$1,600,000 that will be paid to the JV Partner compared to the market capitalisation of the Company amounting to approximately S\$10,420,011.
- (5) This is not applicable as no consideration shares will be issued in connection with the Proposed Acquisition.
- (6) This is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, as the relative figure computed under Rule 1006(c) of the Catalist Rules does not exceed seventy-five per cent. (75%) and the net loss attributable to the asset to be acquired does not exceed 5% of the Company's profit (taking into account only the absolute value), the Proposed Acquisition constitutes a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules and does not require Shareholders' approval.

5. RATIONALE FOR THE PROPOSED ACQUISITION

LSI currently runs a co-working laboratory space at the German Centre Singapore. It started operations in September 2021 and its first full year of operations performance ended 31 December 2022 recorded an EBITDA of approximately \$200,000 based on the unaudited management accounts of LSI, even though it recorded a loss before tax of (\$17,000). The current occupancy of LSI at 31 January 2023 is at healthy levels. Furthermore, there are near

term opportunities for expansion overseas into Australia and into another site in Singapore as mentioned in point 3.1(d) and 3.1(e). Coupled with the expertise of the JV Partner and its wholly owned subsidiary, Acromec, in building laboratories, the Board is of the view the acquisition of further 40% of LSI from the JV Partner is in the best interest of the Shareholders as upon completion of the Proposed Acquisition, LSI will be a 70% owned subsidiary of the Group.

This will provide the Group an opportunity to grow the co-working laboratory business of LSI, with an aim towards spearheading this business into another mainstream business for the Group.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1. Bases and assumptions

The financial effects of the Proposed Acquisition on (a) the consolidated net tangible assets ("**NTA**") per Share (as defined below); and (b) the consolidated earnings per Share ("**EPS**"); have been prepared based on the audited consolidated financial statements of the Group for financial year ended 30 September 2022 ("**FY2022**").

The financial effects below were prepared based on the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the NTA per Share of the Group are computed assuming that the Proposed Acquisition had taken place on 30 September 2022;
- (b) the financial effects of the Proposed Acquisition on the EPS of the Group are computed assuming that the Proposed Acquisition had been completed on 1 October 2021; and
- (c) the expenses incurred in connection with the Proposed Acquisition amounts to approximately S\$20,000.

6.2. NTA per Share

The illustrative financial effects of the Proposed Acquisition on the NTA per Share of the Group as at 30 September 2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾ attributable to the owners of the Company (S\$'000)	7,355	7,210
Number of issued Shares	138,563,978	138,563,978
NTA per Share (cents)	5.31	5.20

Note:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets (net of non-controlling interests).

6.3. EPS

The illustrative financial effects of the Proposed Acquisition on the EPS of the Group for FY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Profit (S\$)	1,599,705	1,572,905
Weighted average number of Shares	138,563,978	138,563,978
Earnings per share (cents)	1.15	1.14

The above pro forma financial effects presented are theoretical in nature and only for illustration purposes. They do not represent the actual financial position and/or results of the Group.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, save for their shareholdings in the Company and as disclosed therein, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

8. PROPOSED DIRECTOR(S)

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. As such, no service agreements will be entered into in respect of the Proposed Acquisition. The Company is expected to appoint additional representative directors into LSI after Completion.

9. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

10. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that as there is no assurance that any business activities or transactions mentioned in this announcement will materialise. People who are in doubt as to the action they should take should consult their stockbrokers, solicitors or other professional advisors.

By Order of the Board

Levin Lee Keng Weng
Executive Chairman
20 February 2023

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 of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Chua Hiang Hwee Jerry, 138 Robinson Road, #13-02 Oxley Tower, Singapore 068906, jerrychua@evolvecapitalasia.com