

ACROMETA GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 2015440003M)

RESPONSES TO SGX QUERIES

The Board of Directors (the “**Board**”) of ACROMETA GROUP Limited (the “**Company**”) would like to respond to the queries below raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) dated 22 February 2023, in respect of the Company’s announcements “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 (“LSI”)” on 20 February 2023. The Company sets out below its responses to the queries raised by the SGX-ST:

We noted that the net tangible liability (“NTL”) of LSI as at 31 December 2022 was approximately (\$262,000), and the loss before tax (“LBT”) of LSI for the financial year ended 31 December 2022 was approximately S\$17,000.

SGX-ST’s Query 1:

Please explain the basis for S\$1.6million Consideration for the proposed acquisition.

Company’s Response:

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* \$500,000 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.

SGX-ST's Query 2:

Is there any valuation performed on LSI? If yes, please provide the information on the date of valuation, key assumptions adopted and valuer's details.

Company's Response:

No independent valuation has been performed on LSI yet. As part of the due diligence process, the Company intends to perform a desktop valuation of LSI before the targeted Completion Date, 15 April 2023.

SGX-ST's Query 3:

How does the Company intend to fund the Consideration?

Company's Response:

The Company intends to fund the Consideration through internal resources.

SGX-ST's Query 4:

What are projects that LSI is currently working on?



Company's Response:

As mentioned in the Consideration payment milestones above, LSI is currently exploring expansion into operating a site in Australia and a second site in Singapore.

SGX-ST's Query 5:

Post the proposed acquisition, will the JV Partner remain as the shareholder with the remaining 30% of the total issued share capital of LSI?

Company's Response:

The JV Partner will remain as shareholder holding 30% of the total issued share capital of LSI.

SGX-ST's Query 6:

What's the impact on the Company and Group's risk profile post the proposed acquisition?

Company's Response:

Barring unforeseen circumstances, it is the Company's intention to grow LSI as another mainstream business of the Group, extending from a builder of laboratories to also an operator of laboratories, building on its expertise.

The Company has structured the payment in tranches such that it is substantially performance-based and as such, minimises the risks to the Company; up to S\$1.4 mil or 87.5% of the Consideration is subject to the new sites opening and/or reaching EBITDA positive of between S\$300,000 to \$500,000 before the milestone payments are made.

SGX-ST's Query 7:

Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response:

The Board is fully aware of the SGX-ST Listing Rule requirements to timely disclose information, which would likely materially affect the price of the Company's shares and to avoid the establishment of a false market in the trading of the Company's shares.

Accordingly, the Board confirms that the Announcement dated 20 February 2023 on "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" has disclosed all material information in compliance with the SGX-ST Listing Rule requirements.

BY ORDER OF THE BOARD

Levin Lee Keng Weng
Executive Chairman
23 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@evolvecapital.com.