



ACROMETA GROUP LIMITED
(Company Registration No.: 201544003M)
(Incorporated in the Republic of Singapore)

RESPONSES TO SGX QUERIES ON ANNOUNCEMENTS MADE ON 21 OCTOBER 2024

The Board of Directors (the “**Board**” or the “**Directors**”) of AcroMeta Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following queries by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 October 2024. Unless otherwise defined, capitalised terms used in this announcement shall have the meanings ascribed to them in the Company’s announcements dated 21 October 2024 relating to the proposed disposal of a 70% stake in Life Science Incubator Holdings Pte. Ltd.

INFORMATION/BACKGROUND PERTAINING TO THE QUERIES

We refer to the Company’s announcements:

- on 21 Oct 2024, titled “PROPOSED DISPOSAL OF 70% STAKE IN LIFE SCIENCE INCUBATOR HOLDINGS PTE. LTD”
- on 21 Oct 2024, titled “ACROMETA GROUP TO DIVEST ITS LIFE SCIENCES BUSINESS, PURSUE NEW BUSINESS OPPORTUNITIES IN THE REGION”

QUERIES

SGX Query 1:

It was announced that the Company has entered into a sale and purchase agreement (the “**SPA**”) with Altea LSI Asset Management Limited (the “**Buyer**” or “**Altea**” and together with the Company, the “**Parties**”) for the disposal of all of the shares held by the Company (the “**Sale Shares**”) in Life Science Incubator Holdings Pte. Ltd. (“**LSI**”), representing 70% of the issued and paid-up share capital of LSI, for an aggregate consideration of S\$2,700,000 (the “**Proposed Disposal**”). The Buyer, a company incorporated in the Cayman Islands, is an entity owned by Hillhouse Investments, a global investment firm.

- a. Please provide more background information on the Buyer.

Company’s Response:

- 1a. Founded in 2005, Hillhouse Investments (“**Hillhouse**”) is a global alternative investment manager with nearly two decades of experience in a diverse range of investment strategies, including public equities, private equity (buyout, venture capital, and growth), private credit, and real assets.

In 2020, Hillhouse launched Rava Partners (“**Rava Partners**”), a dedicated real asset strategy. Rava Partners focuses on investing in real assets, partnering with business leaders to build the physical infrastructure that underpins Asia-Pacific’s new economy.

Altea (the direct purchaser of the 70% stake in LSI) was established by Rava Partners, as part of their life sciences strategy with APAC ex-China regional footprints. Altea aims to aggregate high-quality real assets while providing industry operational expertise to complement the broader Hillhouse life sciences ecosystem.

SGX Query 2:

It was announced that the Company has appointed Chay Corporate Advisory Pte. Ltd. to perform a valuation on the Proposed Disposal, and the summary valuation report will be made available to the Shareholders in due course.

- a. Please elaborate on how the disposal consideration of \$2.7m was arrived at, before the completion of the valuation.**
- b. Please clarify if the disposal consideration of \$2.7m will be re-assessed following completion of the valuation. If yes, please provide details. If not, please explain how this is in the best interest of the Company and its shareholders.**

Company's Response:

- 2a. As outlined in paragraph 3.2 of the announcement regarding the Proposed Disposal, the Consideration was determined following commercial negotiations between the Parties at arm's length and on a willing-buyer-willing seller basis, taking into account the following factors:
 - (i) the negative NAV and negative NTA value of LSI;
 - (ii) the operating losses attributable to the LSI Group due to the weak tenancy rates; and
 - (iii) the Proposed Disposal entails a disposal of the Group's co-working business in Singapore and Australia only.

Furthermore, it was the best price offered by the Buyer after several negotiations. The Board finally accepted the offer after evaluating the potential return of capital for the LSI business, especially in view of the weak tenancy rates and the required continued capital injection/investment to sustain and grow the LSI business in the foreseeable near future against other business objectives of the Company. These considerations formed the basis for the negotiation of the disposal consideration of \$2.7 million prior to the completion of the formal valuation.

- 2b. The disposal consideration of \$2.7m is final and will not be subject to re-assessment in accordance with the terms of the SPA executed with the Buyer.

The Proposed Disposal will be conditional upon obtaining the requisite approval from the Shareholders. The Company will convene an EGM to seek Shareholders' approval, as the Proposed Disposal constitutes a "Major Transaction" as defined under Chapter 10 of the Catalist Rules. In compliance with Rule 1014(5) of the Catalist Rules, the Company has appointed Chay Corporate Advisory Pte. Ltd. to perform a business valuation to determine the fair value of LSI as at 30 September 2024.

While the valuation report will provide further insight into the fair value of LSI, the disposal consideration of \$2.7 million was the outcome of commercial negotiations between the Parties, taking into account LSI's negative NAV, negative NTA value, and operating losses. These factors are unlikely to change materially. After careful analysis and discussions, the Board is of the view that the agreed disposal consideration is in the best interest of the Company and its Shareholders, as it enables the Company to exit a loss-making business and reallocate its resources and management efforts toward other potential business opportunities that are expected to provide greater value and align more closely with the Group's strategic objectives.

SGX Query 3:

It was announced that the gain on disposal from the Proposed Disposal amounts to approximately S\$211,493, which is computed based on the excess of the Consideration over the net book value of LSI as at 31 March 2024.

- a. How much has the Group incurred (including but not limited to, acquisition cost, borrowing costs and other capital injection...etc) to date in relation to LSI?

Company's Response:

- 3a. As at the date of the SPA, the Group had incurred acquisition costs amounting to \$215,000, which have been recognised as the cost of investment. Additionally, the Group has made a capital injection of \$2,157,003 through loans or amounts owed by the LSI Group to the Company.

SGX Query 4:

With reference to the Company's announcement on 21 Oct 2024 in relation to AcroMeta Group pursue new business opportunity, it was announced that AcroMeta Minerals Pte. Ltd. ("AcroMeta Minerals"), a wholly-owned subsidiary of the Company, has entered into a non-binding Memorandum of Understanding ("MOU") with Constance Holding Sdn. Bhd. ("Constance Holding") to facilitate further collaboration in mineral sands trading. The Group is actively engaged in negotiations with potential international buyers, with formal offtake agreements anticipated in the near future. ACROMETA remains optimistic about the long-term prospects of AcroMeta Minerals.

- a. Please elaborate on the Board's view and plan regarding the potential business prospects and contributions from AcroMeta Minerals. How would this impact the Group's risk profile? Would it be considered as a new business? Does the Company intend to seek for shareholder's approval for future business diversification? Does the Group have the experience and track record to manage the new business?

With reference to the Company's announcement in Nov 2023 in relation to AcroMeta Group signing MOU and incorporation of a subsidiary, it was announced that the Company has incorporated a new wholly-owned subsidiary, known as AcroMeta Minerals Pte. Ltd. ("AcroMeta Minerals") whose primary activities will include manufacturing non-metallic mineral products and engaging in wholesale trade, including the supply of high-grade silica sand. The Company has, on 6 Nov 2023, signed a Memorandum of Understanding ("MOU") with PT. Swadaya Buana Makmur ("PTSBM") for the supply of high-grade silica sand from West Kalimantan, Indonesia. Both parties are set to enter into definitive Offtake/Purchase Agreements with a target for AcroMeta Minerals to commence its first trade by 15 January 2024.

- b. Did AcroMeta Minerals commence trading as planned in January 2024? What's the current status?
- c. Please provided updates on the MOU with PTSBM since its initial announcement in Nov 2023.

Company's Response:

- 4a. The Board is of the view that the potential business opportunities in mineral sands trading are aligned with the Company's long-term strategy to explore and unlock new avenues for growth. The anticipated contributions from AcroMeta Minerals are expected to complement the Group's existing portfolio and support future value creation.

Given that AcroMeta Minerals' trading transactions are structured on a back-to-back basis between the trading buyers and sellers, this structure limits the Group's exposure to market fluctuations and mitigates trading risks. Accordingly, the Board is of the view that the potential mineral sands trading business will not materially affect the risk profile of the Group as a whole. For clarification, the MOU is non-binding, and the Company will provide further announcements should any material developments occur.

The potential mineral sands trading business is considered a new business for the Group. Accordingly, in compliance with applicable rules, the Company intends to seek Shareholders' approval for the proposed business diversification into mineral sands trading at the Annual General Meeting ("AGM") to be convened in January 2025.

In terms of experience and capability, the Group is confident that it has the requisite expertise and track record to manage this new business segment. AcroMeta Minerals is led by a highly experienced general manager with a proven track record in managing similar trading operations, which will be instrumental in ensuring the successful execution of the business strategy.

- 4b. While AcroMeta Minerals did not commence trading in January 2024 as initially anticipated, the first purchase order ("PO") was secured in July 2024. In response, AcroMeta Minerals issued a back-to-back PO to the supplier known as PT. Gajah in Jakarta, Indonesia.

The delay in the commencement of trading was due to certain factors, including the customer's testing procedures and the arrangement of shipment logistics, which extended the timeline. The Group expects the first shipment to take place in due course and will continue to provide updates on material developments as they arise.

- 4c. Following the initial announcement in November 2023 regarding the MOU with PTSBM for the supply of high-grade silica sand from West Kalimantan, Indonesia, there has been a change in the counterpart to the agreement. The supply arrangement is now with PT. Gajah. There have been no other changes to the terms of the MOU.

For further details, please refer to the updates provided in Response 4b above.

BY ORDER OF THE BOARD

Lim Say Chin
Chief Executive Officer
24 October 2024

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 "SGX-ST"), and the SGX-ST 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 announcement.

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