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

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 questions raised by Securities Investors Association (Singapore) (the "**SIAS**") regarding the Group's annual report for the financial year ended 30 September 2024 ("**FY2024**") and would like to provide the following responses as set out below.

Q1. The company has divested Acromec Engineers Pte. Ltd. which operated in the Engineering, Procurement and Construction (EPC) business, and Life Science Incubator Holdings Pte. Ltd. which managed co-working laboratory spaces.

As part of its strategy to "discover new horizons for growth", the company has incorporated AcroMeta Lifestyle Pte. Ltd. which will focus on the innovation, distribution, and marketing of lifestyle-oriented consumer electronics.

1) ***What is the group's competitive advantage in the lifestyle-oriented consumer electronics sector? Considering the high competitiveness, lack of entry barriers, and capital-intensive nature of the industry, how does the board justify this diversification??***

   Company's Response:

   The Company notes that the lifestyle-oriented consumer electronics sector is highly competitive. However, the Company will initially focus on niche sectors which are the lifestyle portable audio segment within the generic consumer electronics sector, i.e. the lifestyle portable audio segment which is expected to grow at a CAGR of 10.93% from 2024 to 2032. [1]

   The Company's competitive advantage in this niche segment derives principally from the experience of its current management team including but not limited to:

   - Their combined experience of over 20 years in the consumer electronics sector.
   - Their knowledge of potential manufacturers and OEM suppliers; and
   - Their network of distributors and retail channels.

   [1] https://www.marketresearchfuture.com/reports/portable-speakers-market-8592

2) ***What expertise does management have in operating a consumer electronics business, given its ever-changing consumer preferences and rapidly evolving market trends? This is vastly different from the EPC business and the maintenance business.***

   Company's Response:

   Mr Lawrence Toh and Mr Keith Guo have both been in the consumer electronics business of over 20 years. Notwithstanding, the Group will be seeking to hire additional people with the relevant skillsets to grow the business as it progresses.

3) ***Could the board elaborate on the commercial due diligence undertaken to validate the business case for diversification into lifestyle consumer electronics? Specifically, what metrics or benchmarks were used to assess market size, competitive intensity, hurdle rate and return on investment?***

   Company's Response:

   The Board has scrutinised the business plan provided by the management, including:

   - Review of detailed market research reports and independent third-party analyses;
   - Review of the financial forecasts provided by management and the assumptions in deriving the forecasts; and
   - Analysis of the risks factors involved and its mitigation strategy.

Q2. The group achieved revenue of $5.7 million from continuing operations in FY2024, driven by increased activity in the maintenance business. The gross profit margin for the year stood at 27% (FY2023: 28%).

1) ***Could management elaborate on its strategic focus for growing the maintenance business, particularly in the context of the ongoing strategic review?***

   Company's Response:

   Our strategic focus is to drive growth in our maintenance business and focus on niche environment facilities including laboratories, clean rooms, and data centers. We believe that these are growing sectors both in Singapore and we already have a critical mass, track record and experience with our existing customer base.

   Our approach and ongoing strategic reviews include offering a comprehensive range of services, such as equipment installation, routine inspections, and emergency support, while maintaining a commitment to high-quality service delivery. Additionally, we prioritise building strong, long-term customer relationships and invest in developing skilled workforce through training programs. Retaining customers and ensuring their satisfaction also remain at the core of our strategy. For the long run, our vision is to establish ourselves as a facilities manager specialising in these niche environments, further solidifying our position as a trusted partner in the niche market.

2) ***How does the group differentiate its maintenance business in a competitive market? Could management share insights into customer acquisition strategies and long-term contracts that might secure a steady revenue stream?***

   Company's Response:

   To differentiate ourselves in a competitive market, we focus on delivering superior service quality that exceeds service level agreement (SLA) requirements. Our strategy includes offering exceptional customer support, such as live chat capabilities, access to a dedicated engineer for personalised assistance, and tailored maintenance contracts designed to meet the specific needs of each customer.

   We maintain competitive pricing while ensuring our high standards of quality are never compromised. Additionally, we strengthen our branding efforts by highlighting what makes our services unique and valuable. Strategic partnerships with other suppliers are also established to provide customers with a seamless, one-stop solution for their maintenance needs. Finally, we solidify our niche by specialising in the maintenance of critical environment facilities, such as laboratories, clean rooms, and data centers, reinforcing our expertise in this specialized field.

3) **Separately, regarding the investment property at NEWest, has the board conducted a valuation or market study to assess a potential sale?**

Company's Response:

The valuation of the investment property at NEWest was conducted by an independent, qualified professional valuer with appropriate recognised qualifications and experience in appraising similar properties in comparable locations, and who is not associated with the Group. The valuation was determined using the market comparison approach. A key unobservable input in the valuation model was recent transaction prices of similar properties, adjusted for factors such as size, location, timing, and other relevant considerations.

Q3. During 2024, 43.4 million ordinary shares of the company were allotted and issued under the AcroMeta Performance Share Scheme ("AcroMeta PSS"). The company stated that the scheme is designed to enhance flexibility and effectiveness in rewarding, retaining, and motivating employees to achieve superior performance and drive the group's long-term growth.

As stated on page 46, the AcroMeta PSS is administrated by the remuneration committee (RC), whose members are Mr Chan Tze Choong Eric (as RC chairman), Mr Mahtani Bhagwandas and Mr Cheong Keng Chuan, Alfred.

1) ***Can the RC (who is administering the PSS) help shareholders better understand what safeguards are in place when granting PSS awards, given that all members of the RC received PSS share grants under the scheme?***

Company's Response:

The share awards to the RC represented less than 5% of the total shares awarded and is valued at approximately S$15,000 each per RC member. This was proposed by the management pursuant to the members of the RC reaching or just completed their 1st year of service and having contributed significantly to the restructuring of the Group. Further, each RC member abstained during the allocation of such awards to themselves. While the RC have not placed any restrictions on the awards to the RC members, the RC intends to allocate the significant majority of the PSS to the employees of the Group.

2) ***What were the specific performance indicators used in the RC's deliberations for awarding PSS shares, and how were these aligned with the company's strategic goals and long-term value creation? As at 30 September 2024, the company has accumulated losses of $(14.2) million. Based on SGX Stock Screener, the company has a total market capitalisation of approximately $8.5 million.***

Company's Response:

The deliberations of the RC include (but not limited to):

- The Company has managed to turnaround a loss position of S$12.5 million in FY2023 to a profit of S$2.6 million in FY2024;

- It initiated (and completed) the divestment of two businesses of the Group, being the co-working laboratory and the renewal energy businesses, which were loss-making and using up a significant amount of the Group's cashflow;
- It divested Acromec Engineers Pte Ltd ("**Acromec Engineers**"), partly for a positive return but also to limit the exposure to Acropower Pte Ltd ("**Acropower**"); and
- The new businesses explored by the management and the initial progress made.

The total employee share expense recognised in FY2024 was S$1.19 million. This is about 14% of the market capitalisation of S$8.5 million.

3) ***The total share expense for FY2024 is significant relative to the company's market capitalisation. What quantitative and qualitative benchmarks did the RC use to determine the appropriateness of granting such a substantial number of shares?***

Company's Response:

During the course of 2024, the total corporate transactions done amounted to S$8.74 million, including but not limited to:

- Write-back of Corporate Guarantee related to renewable energy
- The sale of Life Science Incubator Holdings Pte Ltd;
- The sale of Unity Center; and
- The sale of Acromec Engineers and AcroPower.

These transactions were all successfully completed and on terms favourable to the Group. It took significant deliberations, negotiations and time and effort from the individuals involved. As the total employee share expense represented 14% of the total corporate actions, the RC deems such award reasonable.

More importantly, the RC recognises that while the divestments are a significant step, the real challenge now is to find new business opportunities and rebuild the Company. As such, the commitment and continuity of the key management is important, which is why the share-based awards are considered more appropriate than one-off bonuses.

4) ***Does the PSS include claw-back mechanisms for employees who resign or cease employment? How has the PSS demonstrated its effectiveness in retaining key employees and ensuring long-term value creation for shareholders?***

Company's Response:

The awards issued did not have a claw-back mechanism, but the RC will consider incorporating such mechanisms in the future. Notwithstanding, the RC had split the award to an employee into two phases and subjected them to different performance metrics. Save for one employee, all the recipients are still with the Company.

5) ***What were the reasons that the remuneration disclosure had to be corrected and updated as announced by the company on 13 January 2025?***

Company's Response:

After the publication of the FY2024 Annual Report on SGX, a subsequent review identified the need for additional details and amendments to the disclosures regarding Directors' and Key Management Personnel ("**KMP**") remuneration for FY2024. These updates aim to enhance clarity, transparency, and completeness of the information disclosed in the FY2024 Annual Report. The Company is committed to maintaining the highest standards of accuracy and compliance in our financial reporting, and hence we have made an announcement on 13 January 2025.

By Order of the Board

Lim Say Chin
Executive Director and Chief Executive Officer
24 January 2025

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*This announcement has been reviewed by the Company's Sponsor, W Capital Markets Pte. Ltd. (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.*

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