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Issuer: AcroMeta Group Limited

Stock code: 43F

Meeting details:

Date: 27 Jan 2025

Time: 10.00 a.m.

Venue: NUSS Mandalay Guild House, Adam Bukit and Orchard Suite at 2 Mandalay Road, Singapore 308206

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.

- (i) **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??**
- (ii) **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.
- (iii) **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?**

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%).

- (i) Could management elaborate on its strategic focus for growing the maintenance business, particularly in the context of the ongoing strategic review?**
- (ii) 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?**
- (iii) Separately, regarding the investment property at NEWest, has the board conducted a valuation or market study to assess a potential sale?**

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.

The table below summarises the number of AcroMeta PSS that have been granted as at the end of the financial year as well as movements during the financial year:

Name of Participant	Aggregate number of share awards granted during financial year under review	Aggregate number of share awards from commencement of the AcroMeta PSS to end of financial year under review	Aggregate number of share awards which have been issued and/or transferred since commencement of the AcroMeta PSS to end of financial year under review	Aggregate number of share awards not vested as at end of financial year under review
<u>Directors</u>				
Lim Say Chin	6,500,000	6,500,000	6,500,000	–
Cheong Keng Chuan, Alfred	600,000	600,000	600,000	–
Mahtani Bhagwandas	600,000	600,000	600,000	–
Chan Tze Choong Eric	600,000	600,000	600,000	–
<u>Controlling Shareholder</u>				
Levin Lee Keng Weng	32,500,000	32,500,000	32,500,000	–
<u>Other participants</u>				
Group employees	2,644,000	2,644,000	2,644,000	–
	43,444,000	43,444,000	43,444,000	–

(Source: company annual report)

- (i) **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?**
- (ii) **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.



(Source: <https://investors.sgx.com/securities/stocks?security=43F>)

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

- (iii) 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?**
- (iv) **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?**
- (v) **What were the reasons that the remuneration disclosure had to be corrected and updated as announced by the company on 13 January 2025¹?**

¹ https://links.sgx.com/FileOpen/Acrometa%20Announcement%20-%20Addendum%20of%20the%20Annual%20Report%20FY24_20251301.ashx?App=Announcement&FileID=830395

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