

SGXNET Announcement



AEM Holdings Ltd
(Registration No. 200006417D)

ACQUISITION OF AFORE OY

1. INTRODUCTION

The Board of Directors of AEM Holdings Ltd (the “**Company**” or “**AEM**”) announces that AEM will acquire Afore Oy, a leading Micro-Electro-Mechanical Systems (“**MEMS**”) test solutions provider based in Finland, pursuant to a share purchase agreement (the “**Agreement**”) signed on 31 January 2018.

Under the terms of the Agreement, AEM (together with its subsidiaries, the “**Group**”) will purchase 100% of the issued shares in the capital (“**Sale Shares**”) of Afore Oy (the “**Target**” or “**Afore**”) for an aggregate consideration (“**Purchase Price**”) of EUR € 7,578,974 (approximately S\$ 12,326,140) (the “**Acquisition**”).

2. INFORMATION ON THE TARGET

Afore has a long track record in MEMS testing since its incorporation in 1998. Its innovative MEMS solutions include wafer level probers and test handlers with multi-stimulus and multi-package options, as well as tri-temp testing. Afore is a pioneer in wafer-level MEMS testing, enabling its customers to realize the full cost and speed efficiencies of advanced packaging. Afore’s solutions are used in MEMS development and manufacturing in the automotive, industrial, and consumer sectors in Europe, USA and Japan.

The consolidated unaudited profits after tax of the Target were EUR € 716,000 (equivalent to S\$1,164,000) for the financial year ended 31 December 2017 and the unaudited net asset of the Target as at 31 December 2017 was EUR € 1,391,000 (equivalent to S\$2,262,000). The disclosed figures for the financial year ended 31 December 2017 has been converted to Singapore Financial Reporting Standards for the purpose of this announcement based on the audited financial statements of the Target prepared using Finnish GAAP.

3. RATIONALE FOR THE ACQUISITION

The Company has in its earnings reports been guiding that it is actively seeking acquisitions that are synergistic to its core growth business of integrated circuit chips handling and automation solutions.

The Directors and the Company believe that Afore will provide AEM with high-performance test capabilities and solutions in MEMS, a strategic high-growth semiconductor end-market forecasted to reach US\$22 billion in 2021 (source: Yole Development). AEM intends to leverage Afore's capabilities to expand its product and customer portfolio in the semiconductor and industrials sectors. The combination of AEM and Afore should yield significant business synergies through the combination of Afore's products and technology capabilities with AEM's global sales, manufacturing and field support networks. The combined company should be well positioned to provide high-performance MEMS test solutions to large, advanced manufacturers worldwide.

4. CONSIDERATION FOR THE ACQUISITION

Pursuant to the Agreement, the Company shall acquire the Sale Shares of an aggregate of 85 shares of Afore from the following shareholders (collectively, the "**Vendors**") subject to the fulfilment of the conditions precedent and other terms described in the Agreement and upon completion of the Acquisition ("**Completion**") taking place in accordance with the Agreement.

Name of Vendor	Number of Sale Shares	Shareholding Proportion (%)
Vesa Henttonen ("Vesa")	32	37.65
Elina Henttonen	11	12.94
Länsi-Suomen Pääomarahasto Oy	26	30.59
Pasatel Oy	9	10.59
Retonar Oy	3	3.53
Ari Elo	3	3.53
Jukka Rinnevaara	1	1.18
	85	100

The Purchase Price, of EUR € 7,578,974 (approximately S\$ 12,326,140), for the Acquisition will be satisfied partly by way of the payment of cash of EUR € 4,971,176 (approximately S\$ 8,084,923) to the Vendors and partly by way of the allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") to Vesa.

The Company shall pay approximately nine per cent (9%) of the Purchase Price into an escrow account to be held as security for the settling of claims for breach of warranties, if any, by the Vendors for a period of 16 months from completion date ("**Completion Date**").

Vesa is the founder and managing director of the Target and his proportionate share of the Purchase Price is EUR € 3,370,150 (the “Vesa Consideration”, approximately S\$ 5,481,077). Under the Agreement, he will receive 70% of the Vesa Consideration, in the form of Consideration Shares comprising 867,555 AEM ordinary shares (valued at approximately S\$ 4,241,217 or EUR € 2,607,797), and the remaining 30% of the Vesa Consideration in cash of EUR € 762,353 (approximately S\$ 1,239,860).

The Consideration Shares will be allotted and issued to Vesa pursuant to the general share issue mandate (“**General Mandate**”) granted by the shareholders of the Company during the last annual general meeting of the Company held on 27 April 2017. This general share issue mandate provides that the new Shares to be issued pursuant to such mandate shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of Shares and instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

The Consideration Shares represent approximately 1.3% of the enlarged number of issued Shares of the Company (excluding treasury shares) and falls within the balance limit of the General Mandate.

The Company will make an application to the SGX-ST for the dealing in, listing of and quotation of the Consideration Shares on the Main Board of the SGX-ST and will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

The Purchase Consideration was arrived at after negotiations on a willing-buyer, willing-seller basis. In arriving at the Purchase Consideration, the Company has taken into account, inter alia, the financial performance and position of the Target, and the strategic merits of the Acquisition.

5. MORATORIUM

Vesa undertakes for a period of thirty-six (36) months (“Moratorium Period”) from Completion Date during which he shall be bound by the following lock-up restrictions with respect to the Consideration Shares; (i) one third (1/3) of the Consideration Shares may only be sold twelve (12) months from the Completion Date, (ii) the second one third (1/3) of the Consideration Shares may only be sold twenty-four (24) months from the Completion Date, and (iii) the remaining Consideration Shares may only be sold thirty-six (36) months from the Completion Date, i.e. at the end of the Moratorium Period.

6. DISCLOSURE OBLIGATIONS

In compliance with Rule 1009 of the SGX-ST Listing Manual (“**Listing Manual**”), the relative figures computed on the bases pursuant to Rules 1006 (a) to (d) of the Listing Manual in relation to the Acquisition are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not Applicable ⁽¹⁾
(b)	Net profit ⁽²⁾ of S\$1,558,000 attributable to the Sale Shares, compared with the Group’s net profits ⁽²⁾ of S\$26,217,000, for the 9 months ending 30 September 2017.	5.9%
(c)	Aggregate consideration of S\$ 12,326,140 compared with the Company’s market capitalization ⁽³⁾ based on the total number of issued Shares excluding treasury shares as at 30 January 2018, being the last market day preceding the date of the Agreement.	3.9%
(d)	Number of equity securities issued by the Company as consideration for the Acquisition of 867,555 Shares, compared with the number of equity securities previously in issue of 65,466,960 Shares.	1.3%

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) ”Net profit” means a profit before income tax, minority interests and extraordinary items.
- (3) “Market capitalization” is determined by multiplying the number of Shares in issue by the weighted average price of such shares transacted on 30 January 2018 (being the preceding full market day up to the time the Agreement was signed).

As the net profit of S\$1,558,000 of the Target exceeds 5% of the Company’s net profit for the 9 months ending 30 September 2017, the Acquisition is classified as a discloseable transaction under Chapter 10 of the Listing Manual.

7 FINANCIAL EFFECTS

7.1 The financial effects of the above transactions on the Group were prepared based on the audited consolidated accounts of the Company for the financial year ended 31 December 2016 (“FY2016”) and subject to the following main assumptions:-

7.1.1 The financial effects are purely for illustrative purposes only and do not represent any projection of the actual future financial performance or financial position of the Company after the proposed transaction.

7.1.2 For the purpose of computing the consolidated earnings and consolidated earnings per share (“EPS”) of the Company after the above transactions, it is assumed that the proposed transaction was effected on 1 January 2016; and

7.1.3 For the purpose of calculating the consolidated net tangible asset (“NTA”) per share of the Company after the proposed transaction, it is assumed that the proposed transaction was completed on 31 December 2016.

	Earnings attributable to Shareholders (S\$)	Weighted average number of Shares	Earnings per Share (Cents)
Before the proposed transaction	4,657,000	65,695,522	7.09
After the proposed transaction	4,785,000	66,563,077	7.19

	NTA (S\$)	Number of Shares as at 31 December 2016	NTA per Share (cents)
Before the proposed transaction	29,882,000	64,147,694	46.58
After the proposed transaction⁽¹⁾	30,809,000	65,015,249	47.39

Note (1): NTA after proposed transaction is calculated based on NTA before the proposed transaction of S\$29,882,000 add NTA of the Target of S\$1,227,000 less estimated proposed transaction cost of S\$300,000.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the aforesaid transactions. The Directors are also not aware of any substantial shareholders of the Company who have any interest, direct or indirect (other than their shareholdings in the Company), in the aforesaid transactions.

There are no directors proposed to be appointed to the Company in connection with the Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the escrow arrangement agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 52 Serangoon North Avenue 4, Singapore 555853, for a period of three months from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Acquisition and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Charles Cher Lew Siang
Chief Executive Officer
1 February 2018