

SGXNET Announcement



AEM Holdings Ltd.
(Registration No. 200006417D)

PROPOSED SHARE SUBSCRIPTION OF 26,800,000 NEW ORDINARY SHARES IN THE CAPITAL OF AEM HOLDINGS LTD. AT S\$3.8477 FOR EACH SUBSCRIPTION SHARE

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or the "**Directors**") of AEM Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a subscription agreement (the "**Subscription Agreement**") with Venezia Investments Pte. Ltd. (the "**Subscriber**"), pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, 26,800,000 new ordinary shares (each a "**Subscription Share**") in the capital of the Company at an issue price of S\$3.8477 for each Subscription Share (the "**Issue Price**"), amounting to an aggregate cash consideration of S\$103,118,360 (the "**Proposed Subscription**").
- 1.2 As at the date of this Announcement, the Company has an issued and paid-up share capital of 281,992,506 ordinary shares ("**Shares**"), excluding 1,362,980 Shares which are held as treasury shares, and 3,677,689 outstanding share options issued under the AEM Holdings Share Option Scheme ("**Share Options**"). The Company also has 309,057 Shares under awards¹ granted pursuant to the AEM Performance Share Plan 2017. The Company does not have any subsidiary holdings. The Subscription Shares represent approximately 9.50% of the total number of issued Shares in the capital of the Company (excluding 1,362,980 Shares which are held as treasury shares) as at the date of this Announcement and approximately 9.38% of the total number of issued Shares in the capital of the Company on a fully diluted basis (assuming the outstanding Share Options are exercised). Immediately following the completion of the Proposed Subscription, assuming that none of the outstanding Share Options are exercised as at the date of completion of the Proposed Subscription, the Company will have an enlarged issued and paid-up share capital of 308,792,506 Shares (excluding 1,362,980 Shares which are held as treasury shares) ("**Enlarged Share Capital**"). The Subscription Shares would represent approximately 8.68% of the Enlarged Share Capital and approximately 8.58% of the Enlarged Share Capital on a fully diluted basis (assuming the outstanding Share Options are exercised).
- 1.3 The Proposed Subscription will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

2. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND INFORMATION ON THE SUBSCRIBER

2.1. Rationale for the Proposed Subscription

The Board believes that the Proposed Subscription will bolster its growth opportunities through investing in next generation testing capabilities, deepening research and development to accelerate product portfolio expansion and funding its mergers and acquisitions plan.

¹ Upon vesting, the Shares will be released to the participants by way of a transfer of treasury shares.

2.2. Information on the Subscriber

The Subscriber is a Singapore-incorporated company and is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**").

The Company did not appoint any placement agent for purposes of the Proposed Subscription, and no commission or introduction fees is payable by the Company in relation to the introduction of the Subscriber to the Company. The Company was approached by the Subscriber, who expressed an interest in a potential investment in the Company.

As at the date of this Announcement, the Subscriber is not a substantial shareholder of the Company. The Subscriber will not be holding the Subscription Shares as an agent, trustee or nominee of a third party. The Subscriber does not fall within the category of restricted persons as listed in Rule 812(1) of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

Save as disclosed in the Annex hereto, as at the date of this Announcement, as far as the Company is aware, none of the Company nor its Directors or substantial shareholders has any connection or business relationship with the Subscriber or its directors or substantial shareholders.

3. SUBSCRIPTION AGREEMENT

3.1. Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, 26,800,000 Subscription Shares at the Issue Price for an aggregate cash consideration of S\$103,118,360.

The Proposed Subscription will not result in a change of controlling interest in the Company.

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects with the issued ordinary shares of the Company as at the date of Completion, except that they will not be entitled to the interim dividend of 2.6 Singapore cents per Share which has been declared on 5 August 2021.

3.2. Issue Price

The Issue Price represents a discount of approximately 6.01% to the weighted average price of S\$4.0938 for trades done on the SGX-ST for the full market day on 5 August 2021, being the full market day for which the Shares of the Company were traded on the SGX-ST prior to the execution of the Subscription Agreement.

The Issue Price was arrived at following arm's length negotiations between the Company and the Subscriber and on a willing buyer willing seller basis.

3.3. Additional Listing Application

The Company will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval in-principle of the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

3.4. Authority for Issue of Shares

The Subscription Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company ("**Shareholders**") at the Company's annual general meeting held on 30 April 2021.

Pursuant to the General Mandate, the Directors are authorised to allot and issue new Shares and/or convertible securities of the Company not exceeding 50% of the total number of issued

Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the General Mandate, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders shall not be more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the General Mandate, after adjusting for new Shares arising from exercising share options or vesting of share awards which were outstanding or subsisting as at the date of the General Mandate.

As at the time of passing of the General Mandate, the Company had an issued and paid-up share capital of 280,884,776 Shares (excluding treasury shares) and its adjusted total number of issued Shares (excluding treasury shares and subsidiary holdings) after adjusting for 1,314,000 new Shares pursuant to the exercise of Share Options which were outstanding at the time of passing of the General Mandate is 282,198,776 Shares (excluding treasury shares and subsidiary holdings)². Accordingly, the total number of Shares that may be issued pursuant to the General Mandate other than on a pro rata basis to existing Shareholders is 28,219,877 Shares.

As at the date of this Announcement, pursuant to the General Mandate, the Company has issued 400,000 new Shares as consideration shares in connection with its acquisition of 100% of the issued shares in the capital of InspiRain Technologies Pte. Ltd. and 88,730 Shares pursuant to the compulsory acquisition of the remaining shares in CEI Limited under Section 215(1) of the Companies Act. Accordingly, the balance total number of Shares that may be issued pursuant to the General Mandate other than on a pro rata basis to existing Shareholders is 27,731,147 Shares.

The proposed allotment and issuance of 26,800,000 Subscription Shares will fall within the maximum number of 27,731,147 Shares that may be issued pursuant to the General Mandate other than on a pro-rata basis, and as such, the prior approval of the Shareholders is not required for the issue of the Subscription Shares under the Proposed Subscription.

3.5. Conditions Precedent

Completion of the Proposed Subscription ("**Completion**") is conditional upon:

- (i) approval in-principle for the listing of and quotation for the Subscription Shares on the Main Board of the SGX-ST having being obtained and such approval being in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the Company and the Subscriber and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of Completion;
- (ii) as at Completion, the allotment, issue and subscription of the Subscription Shares and all the transactions contemplated by the Subscription Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the Monetary Authority of Singapore ("**MAS**") and the SGX-ST), which is applicable to either the Company or the Subscriber, including but not limited to the provisions of the Listing Manual or the SFA; and
- (iii) as at Completion, (a) all the representations and warranties of the Company in the Subscription Agreement that are (1) qualified as to materiality, being true and correct; and (2) not so qualified as to materiality, being true and correct in all material respects in each case, as at and as if made on the date of Completion and (b) the Company having performed in all material respects all of its undertakings and obligations under the Subscription Agreement to be performed on or before Completion;
- (iv) as at Completion, (a) all the representations and warranties of the Subscriber being true and correct in all material respects in each case, as at and as if made on the date of Completion and (b) the Subscriber having performed in all material respects all of its

² The new Shares pursuant to the exercise of these outstanding Share Options were issued pursuant to past general mandates.

undertakings and obligations under the Subscription Agreement to be performed on or before Completion;

- (v) there not having been, in the period commencing from the date of the Subscription Agreement and up to the date of Completion, the occurrence of any circumstance, development or event that has, or is reasonable likely to have, a material adverse effect on the assets, business, prospects or financial condition of the Group; and
- (vi) if required, the clearance by The Ministry of Economic Affairs and Employment of the Finnish Government under the Act on Monitoring Foreign Corporate Acquisitions of the acquisition of the Subscription Shares by the Subscriber (the "**Clearance**"). The Subscriber shall notify the Company in writing within 30 days of the date of the Subscription Agreement as to whether such clearance is required (the "**Notice**").

If any of the conditions is not satisfied or waived on or before two (2) calendar months from the date of the Subscription Agreement or, if the Clearance is required, four (4) calendar months from the date of the Notice (or such other date as the Company and the Subscriber may agree in writing), either party may terminate the Subscription Agreement by giving notice to the other party, and upon termination, neither party will have any claims against the other party, save for any antecedent breach of the Subscription Agreement.

3.6. Board Seat

In connection with the Proposed Subscription, on Completion, the Company shall, subject to compliance with applicable requirements under the Constitution of the Company and the Listing Manual, procure the appointment of Mr. Russell Tham, as nominated by the Subscriber, onto the Board of the Company. Mr. Russell Tham shall also be appointed to the Strategy Committee and nominating committee of the Company.

3.7. Moratorium

The Subscriber has undertaken with the Company, *inter alia*, that for a period of 12 months commencing from the date of Completion, it shall not sell, contract to sell, grant an option to purchase or otherwise transfer any of the Subscription Shares or publicly announce any intention to any of the foregoing.

4. USE OF PROCEEDS

Based on the Issue Price, the gross proceeds for the Proposed Subscription is approximately S\$103,118,360. The estimated net proceeds (the "**Net Proceeds**") from the Proposed Subscription, after deducting estimated expenses payable in relation to the Proposed Subscription, will amount to approximately S\$102,983,360.

The Company intends to utilise the Net Proceeds in the following manner:

Proposed use of Net Proceeds	% of Net Proceeds
Financing the Group's business expansion (including organic expansion and mergers and acquisitions)	100%

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status update on the use of the Net Proceeds in the Company's half and full-year financial statements issued under Rule 705 of the Listing Manual and its annual report(s). Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been utilised. Where there is any material

deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The unaudited pro forma financial effects of the Proposed Subscription on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Subscription.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020, as well as the following bases and assumptions:

- (i) the effects on the number of issued Shares and the enlarged issued share capital of the Company are computed based on the assumption that the Proposed Subscription had been completed on 31 December 2020;
- (ii) all references to the issued share capital of the Company exclude issued and paid-up ordinary shares held by the Company as treasury shares;
- (iii) that none of the Share Options outstanding as at the date of this Announcement are exercised as at the date of Completion;
- (iv) the financial effects on the consolidated net tangible asset ("**NTA**") per Share are computed based on the assumption that the Proposed Subscription had been completed on 31 December 2020; and
- (v) the financial effects on the consolidated earnings per Share ("**EPS**") are computed based on the assumption that the Proposed Subscription had been completed on 1 January 2020.

5.1. Share Capital of the Company

	Before the Proposed Subscription	After the Proposed Subscription
Total number of issued Shares (excluding treasury shares)	281,992,506 ⁽¹⁾	308,792,506

Note:

- (1) Based on the number of issued Shares (excluding treasury shares) as at the date of this Announcement.

As at the date of this Announcement, the existing share capital of the Company is approximately S\$67.3 million comprising 281,992,506 Shares (excluding 1,362,980 treasury shares). On Completion, assuming that none of the outstanding Share Options are exercised as at the date of Completion, the issued and paid-up share capital of the Company will increase to approximately S\$170.4 million, comprising 308,792,506 Shares (excluding 1,362,980 treasury shares).

5.2. NTA per Share

As at 31 December 2020	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000)	164,616	267,600
Number of Shares (excluding treasury shares)	275,557,667	302,357,667

NTA per Share (cents)	59.74	88.50
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5.3. EPS per Share

Basic EPS

	Before the Proposed Subscription	After the Proposed Subscription
Consolidated net profit attributable to the Shareholders (S\$'000)	97,587	97,452
Weighted average number of Shares (excluding treasury shares) – Basic	274,940,969	301,740,969
Consolidated EPS (cents) – Basic	35.49	32.30

Diluted EPS

	Before the Proposed Subscription	After the Proposed Subscription
Consolidated net profit attributable to the Shareholders (S\$'000)	97,587	97,452
Weighted average number of Shares (excluding treasury shares) – Diluted	277,888,030	304,688,030
Consolidated EPS (cents) – Diluted	35.12	31.98

6. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that, barring unforeseen circumstances and after taking into consideration:

- (i) the Group's internal resources, operating cash flow and present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the sufficiency of the Group's present working capital, the Company has decided to undertake the Subscription to bolster its growth opportunities through investing in next generation testing capabilities, deepening research and development to accelerate product portfolio expansion and funding its mergers and acquisitions plan; and
- (ii) the Group's internal resources, operating cash flow, present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date hereof, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription (other than through their respective directorships and/or shareholdings in the Company, if any).

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement will be made available for inspection during normal business hours at the registered office of the Company at 52 Serangoon North Avenue 4, Singapore 555853 for a period of three (3) months from the date of this Announcement.

9. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should note that the Proposed Subscription is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the Shares of the Company and refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD
AEM HOLDINGS LTD.

Chandran Nair
Chief Executive Officer

6 August 2021

ANNEX

Disclosures

1. Mr Loke Wai San is the founder and managing director of, and has more than 30% shareholding interest in a private equity firm. Mr James Toh also shares an interest in said private equity firm.

Temasek has, through its subsidiaries, a minority interest in the aforementioned private equity firm and has invested in certain funds which are managed by the private equity firm.

2. Mr Loh Kin Wah and Mr Chok Yean Hung are owners of an investment entity which holds interests in a start-up company which is majority owned by a beneficiary of Temasek Trust. Mr Chok will also be appointed as a director of the aforementioned start up.

3. An investment entity which is majority owned by Mr Loh Kin Wah and his family has invested in an entity in which a beneficiary of Temasek Trust also has interests.

4. Mr Adrian Chan is a director of the following entities which are subsidiaries of Temasek:
 - (a) Azalea Asset Management Pte. Ltd.;
 - (b) Astrea III Pte. Ltd.;
 - (c) Astrea IV Pte. Ltd.;
 - (d) Astrea V Pte. Ltd.; and
 - (e) Ascendas Funds Management (S) Limited.