AEM

AEM Holdings Ltd.

Annual Report 2021

Testing Innovation

About AEM

AEM is a global leader in test innovation. We provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.

We deliver customised, and application-specific solutions to meet our customers' needs. With full-stack test capabilities for advanced engineering to high-volume manufacturing, we provide innovative test solutions to drive successful customer outcomes in innovation. We set ourselves to redefine test through our Test Cell Solutions Business and Instrumentation Business.

We innovate test to test innovation, providing leading-edge engineering solutions to meet the demands of fast-moving industries. With customer intimacy at our core, we build strong partnerships with our customers through our global network, tailoring solutions and delivering services that meet their needs. Beyond our leading-edge test innovation, we take pride in building strong partnerships with our customers and catering to the demands of an ever-evolving advanced manufacturing landscape.

AEM has a global presence across Asia, Europe, and the United States. With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam (Ho Chi Minh City), China (Suzhou), and Finland (Lieto), and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

AEM Holdings Ltd. is listed on the main board of the Singapore Exchange (Reuters: AEM. SI; Bloomberg: AEM: SP).

Testing Innovation

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About AEM

Our Leadership

Driving Our Innovation

Driving Our Success

Driving Our Growth

Our Vision for the Future

A Zero Failure World

As technology rapidly progresses and integrates with every aspect of how the world works, testing becomes crucial to mitigate the exponential risk created and to fully realise the possibilities of technological advancement.

At AEM, our values are our guiding beacon.

An Innovative organisation is a Resilient one.

Customer & Employee Intimacy for a unified organisation.

Our Global Footprint

Agility and Operational Excellence for a strong execution.

Ethical & Trustworthy.

MISSION

To provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.

1992 - 2011

Contract Manufacturing

Customer Intimacy

2012 - 2014

Expanding Value Add

Sub-system Development & Systems Integration

Manufacturing

Supply Chain Management

2015 - 2017

Becoming a Custom Product Company

Developing IP & Engineering Capabilities

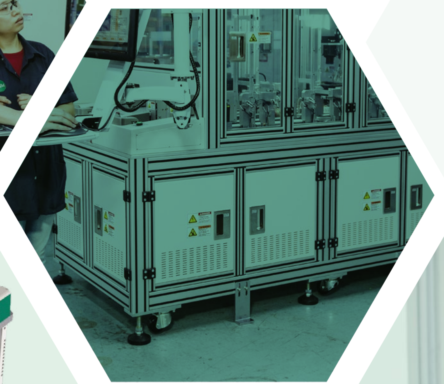
Full System Development (Mechanical & Electrical)

Manufacturing

Supply Chain Management, Field Service + RMA

Acquired InspiRain Technologies

Launch of AEM's Test & Measurement Solutions



2018 - 2019

Becoming a Global Solutions Company

Developing IP & Engineering Capabilities

Full Stack R&D Hardware, Software & Materials Science

Global Sales & Marketing

Quality and Supply Chain Management

Manufacturing

Supply Chain Management, Field Service + RMA

Acquired IRIS Solution
Integrating machine vision solutions to AEM's solutions

Acquired Afore Oy
Establishing leadership position in test solutions for MEMS devices and Wafer Sort and Final Test

World's First 300mm Cryogenic Probe Station

Named
Forbes Asia's
200 BEST
UNDER A BILLION
2019

Best Investor Relations
PR Awards 2018

Best Managed Board (Silver Award)
Singapore Corporate Awards 2018

Selected Partner for Huawei's
The Charger Award
(Technology Category)

Singapore Business Review Listed Companies Award 2019
(Electronic Manufacturing)

Most Transparent Company Award (Technology)
Singapore Corporate Governance Award (Runner Up)
SIAS Investors' Choice Awards 2019

2020

Becoming a Leader in Testing Innovation

AEM-UTAC Partnership
Developing next-gen, cost effective test system solutions for CMOS image sensor products

Acquired French-based Mu-TEST
Providing highly customisable, application-specific, FPGA-based testers

Acquired California-based DB Design Group
Extending AEM's design and application engineering capabilities in the consumables space

Acquired California-based Lattice Innovation
Providing exceptional design, simulation, and products for ATC

Named
Forbes Asia's
200 BEST
UNDER A BILLION
2020

The Enterprise Award 2019/2020
Singapore Business Award 2020

Software & IT Services Technology Equipment Telecommunications Services Sector
Billion Dollar Club 2020
(Centurion Club)

Best in Sector: Technology
IR Magazine Awards SEA 2020

SBR Technology Excellence Awards 2020

TestPro CV 100 Multifunction Cable Tester
TOP 30 Technology Innovations 2020

Gold Honoree Award
Wideoptix-SR4 Tester
Cabling Installations & Maintenance Innovators Award 2020

2021

Becoming a Leader in Testing Innovation

Brand Refresh

Launch of next-gen testing solutions

Acquired Singapore-based CEI
Assembly & box build capabilities

Opening of AEM San Diego Office

Opening of AEM Hsinchu Office

Opening of AEM Shanghai Office

Opening of AEM Costa Rica Office

Partnership with South Korea-based company ATECO
Enhancing Testing Capabilities for the Memory Market

Awards 2021

SBR Business Management Excellence Awards 2021

TEAM OF THE YEAR
SBR Management Excellence Awards 2021

Singapore Business Review Management Excellence Awards 2021

INNOVATOR OF THE YEAR
Sid Chan, Senior Director,
Test Cell Solutions BU
SBR Management Excellence Awards 2021

CORPORATE EXCELLENCE AWARD (SEMICONDUCTOR)
APEA 2021 Regional Edition

SUPPLIER ACHIEVEMENT AWARD COVID-19 RESPONSE CATEGORY
2020 Intel SCQI Program Award

National Business Awards 2021

BEST IN MANUFACTURING TECHNOLOGY
SBR National Business Awards 2021

BEST ANNUAL REPORT (small cap)
IR Magazine Awards – South East Asia 2021

TOP 30 TECHNOLOGY INNOVATIONS Security Sales & Integration 2021

SECURITY SALES AND INTEGRATION AWARD 2021
TestPro CV 100 Multifunction Cable Certifier

CABLING INNOVATORS AWARDS PLATINUM HONOREE

TESTPRO SMART BUILDING TEST KITS
Cabling Innovators Awards
[Platinum Honoree]

NETWORK SERVICE ASSISTANT
[Gold Honoree]

MMVNA 200
[Silver Honoree]

The forward march of advanced technologies enabled by semiconductors has gathered steam across the world, and we expect AEM to play a role in developing the equipment that ensure the quality of such next generation semiconductors as they get deployed in the cloud, 5G edge, smart devices and cars.

Dear Shareholders and Readers,

Exiting 2021, the world was concerned about COVID's newest variant Omicron, the supply chain disruptions caused by COVID, and inflation caused by tightening supply chains and massive financial quantitative easing. In a nutshell, all these risks are linked, and we had started to learn to live with them in addition to dealing with a higher interest rate environment and new rules of engagement to deal with the US-China technology bifurcation and trade tensions.

As I write this message in early March 2022, we suddenly have the unknown unknowns of what the Russia and Ukraine conflict will bring. What 2021 taught us is that advancements in technology helped us deal with these shocks exponentially better. From AI used in vaccine development to the compute, communications, and encryption capabilities that allow digital and remote work, education, and living. The forward march of advanced technologies enabled by semiconductors has gathered steam across the world, and we expect AEM to play a role in developing the equipment that ensures the quality of such next-generation semiconductors as they get deployed in the cloud, 5G edge, smart devices, and cars.

One day, quantum computers will be able to even break blockchain encryption in minutes, and hopefully help us mitigate the unknown unknowns. AEM is on the march, and we are glad you are with us for the journey!

On The Rise: Semiconductors and AEM

Living with COVID will require more advanced semiconductors to power the automation and digitalisation of the workplace, schools, factories, and transportation, in the cloud, at the edge, in our devices, and in our vehicles. These semiconductors will increasingly be based on advanced packaging solutions that incorporate multi-node and multi-mode chiplets tested to much higher quality standards than ever before.

At AEM, we have been working for the past several years on the next-generation test solutions that go beyond the current structural and functional testing of semiconductor chips. We saw the need for software to be tightly integrated with the hardware and semiconductors that deliver new levels of mission-critical applications, where throughput, power efficiency, and latency matter.

Internally we coined the term Test 2.0, which incorporates application-specific testing that works with our customers' data analytics capabilities, while addressing higher levels of customisation required in the test environment.

Looking around the bend, we are optimistic that the industry is adopting application-specific test methodologies as a part of their manufacturing process for advanced chips and chiplets.

Embracing Innovation and Competing On A Global Scale

AEM today is acknowledged by many of our customers as a global provider for semiconductor test solutions, a far cry from where we were even five years ago.

Over the years, we have reinvested in R&D and made several acquisitions globally, mainly for technology but also for responsive delivery. Since 2017, we have acquired seven technology companies to expand our core capabilities, with the latest being the acquisition of CEI Limited and a significant minority investment in ATECO Inc. in 2021. AEM's focus on innovation and global entrepreneurial culture has enabled us to move quickly to meet our customers' evolving needs. A good testament to our comprehensive solution offering was being selected as the system level test provider for a major memory IDM company in August 2021.

Additionally, competing on a global scale also requires an in-depth understanding of industry-wide challenges and bottlenecks. The pandemic has put massive pressure on supply chains as demand soared beyond production capacities for many components. I am pleased to note that our engineering and operations teams have performed very well under extremely challenging situations. We should also express thanks to many of our suppliers who worked tirelessly with our teams to ensure that any impact to our delivery commitments were contained.

The Way Forward

As a Board, we understand that keeping our unique culture is fundamental to AEM's continued success. The AEM culture is one of Resilience, Innovation, Sustainability and Entrepreneurship, or RISE in short. We look at Resilience to include the constant questioning of our business model amidst a globally competitive landscape. Sustainability to include the longevity of our organisation, employees, and our environment. Innovation and Entrepreneurship go hand-in-glove, and they embody the combination of competent risk-taking and willingness to pivot when needed.

At the start of 2021, I stepped down as Executive Chairman but kept involved in a Non-Executive Chairman role. 2021 was an exciting and challenging year at the same time where we ramped two new customer programmes into the headwinds of a global supply chain crunch.

I am confident that our leadership team of Chief Executive Officer Chandran Nair, President (AEM International) & Chief Technology Officer Samer Kabbani, Chief Financial Officer Leong Sook Han, and our bench of senior executives are steeped in our culture of global innovation, passion for our customers and stewards of stakeholder value, and will continue to make AEM a great business partner and business to be an owner of.

Appreciation

I would like to take this opportunity to express my heartfelt gratitude to all our shareholders who believed and have shown confidence in AEM throughout the years. I would also like to thank our three retiring board members, Adrian Chan, Basil Chan, and Lavi Lev, whose counsel have been invaluable over the years. A note of thanks also to our customers and suppliers who have extended their continued support as we collectively mitigated the COVID-related risks in our business.

Last but not least, I would like to thank our management and employees who went above and beyond to deliver on our commitments to our customers and remained steadfast in building our company to last beyond this COVID speed bump.

Loke Wai San
Non-Executive Chairman

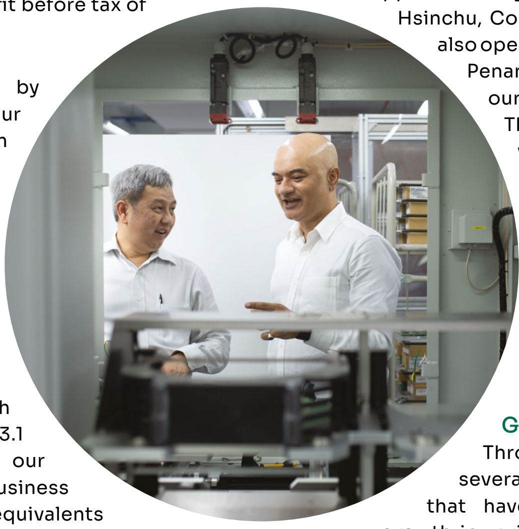
Despite the challenging landscape, I'm proud to say that we continued to be recognised as a global leader in application-specific intelligent system test and handling solutions as our team has displayed exceptional resilience, agility, and commitment to deliver successful outcomes for our customers.

Dear Shareholders and Readers,

Many of you have followed our journey and witnessed our transformation to become a global leader in testing innovation. AEM has continued to grow from strength to strength through the years. Today, we provide the best-in-class platforms and technologies in test and handling solutions for semiconductor and electronics companies worldwide.

Financial Highlights

We extended our record-breaking results for the year ended 31 December 2021 ("FY2021") with revenue of S$565.5 million, outperforming our FY2021 revenue guidance of between S$525.0 million to S$550.0 million. We delivered a profit before tax of S$111.1 million.



The results were driven by the strong uptake for our new-generation System Level Testing handlers, Burn-In Test handlers, related consumables, and the consolidation of CEI Limited, which was acquired in 1H2021.

In August 2021, we placed out 26.8 million shares to Temasek for a cash consideration of S$103.1 million. Coupled with our strong cash-generating business model, our cash and cash equivalents increased from S$134.8 million as of 31 December 2020 to S$216.2 million as of 31 December 2021. We are in a strong financial position to capitalise on the opportunities in the semiconductor industry and accelerate our growth.

In view of the strong set of financial results for the year, the Board has proposed a final dividend of 5.0 Singapore cents per share subject to shareholders' approval at the forthcoming annual general meeting. Together with the interim dividend of 2.6 Singapore cents per share, the total dividend for FY2021 would amount to 7.6 Singapore cents per share.

FY2021's Key Company Highlights

The past year has seen continued growth in semiconductor devices used in data infrastructure, automotive, high-performance computing, mobile devices, and artificial intelligence. Growth in global demand, the fast-changing market needs, supply chain disruptions, and global chip shortage, had our teams at AEM double-up efforts to ensure reliability, on-time delivery, and tool availability for our customers.

Despite the challenging landscape, I'm proud to say that we continued to be recognised as a global leader in application-specific intelligent system test and handling solutions as our team has displayed exceptional resilience, agility, and commitment to deliver successful outcomes for our customers.

Expanding business footprint and R&D

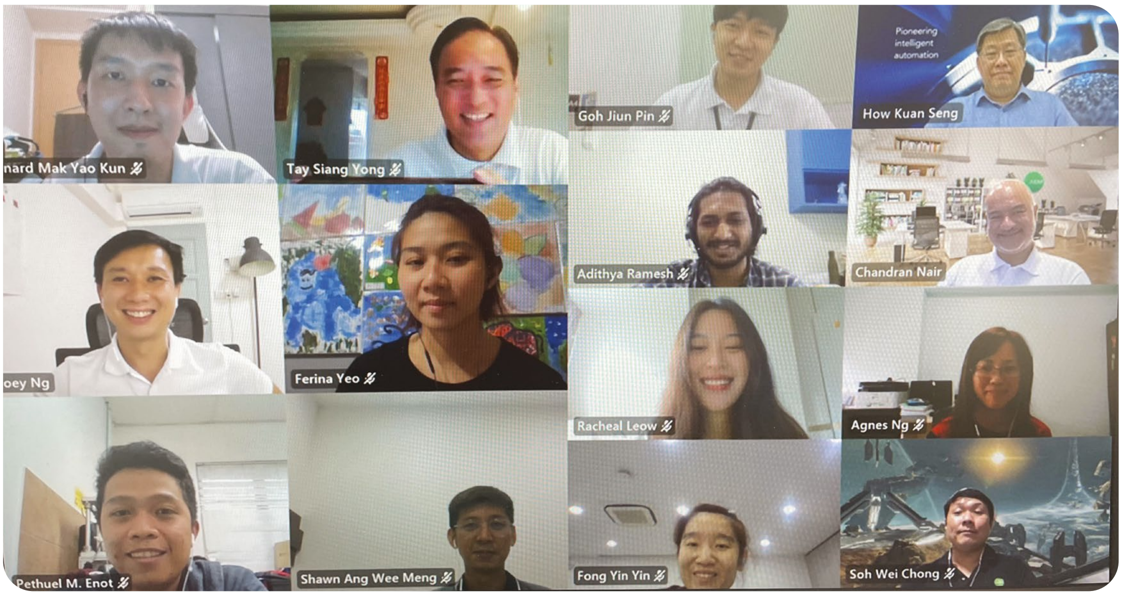
In 2021, we expanded our footprint as we opened sales and application engineering offices in Shanghai, Hsinchu, Costa Rica, and San Diego. We also opened additional R&D centres in Penang and San Diego to enhance our technology capabilities. These new centres together with the existing R&D centres in Singapore, France, and Finland form the core of AEM's innovation efforts. These centres enable us to expand our portfolio of solutions spanning from Wafer Sort all the way to Final Module Test.

Growth via M&A

Through the years, AEM has made several significant acquisitions that have boosted the company's growth in various verticals and helped us diversify our product offerings and customer base. In 2021, AEM acquired CEI Limited; Enabling us to provide quick-turn, full-stack capability for our handler and tester solutions. In addition to acquiring CEI, we invested in a 43.15% stake in ATECO Inc., a South Korean company specialising in the design and development of memory test handler solutions. With the investment, we will be able to engage in joint R&D efforts with ATECO Inc. to offer advanced solutions to the memory market. Our acquisitions have given us customer diversity, manufacturing resilience, and increased our technology capabilities.

Success Stories

We are honoured to be recognised for our quality test solutions with various customer wins over the past year. An industry-leading memory integrated device manufacturer selected AEM as its System Level Test (SLT) Solution supplier, a win that reaffirmed our position in the industry.



With customer intimacy at the core, we understand our customers' challenges and partner with our customers closely to ensure their success. We are humbled to receive the Supplier Achievement Award in 2021 for the COVID-19 response category from the 2020 Intel Supplier Continuous Quality Improvement (SCQI) Program Award.

Our deep technical engagements with many of the top semiconductor companies see us expanding our reach for semiconductor testing and handling solutions in high-performance computing, memory, automotive, and mobile devices.

2022 Strategic Focus & Outlook

The innovations in semiconductor manufacturing have resulted in increased Die Complexity and the adoption of Heterogeneous Integration. This has led to some unique challenges for the testing of ICs.

The Paradigm Shift and Test 2.0

The current test paradigm (Test 1.0) is dominated by traditional “Big Iron” Automated Test Equipment (ATE). In Test 1.0, devices go through standard Wafer Sort, Burn-In, and Final Test. This has been the traditional process for over 30 years. The level of test coverage achieved depends heavily on the "Big-Iron" ATE’s that are now unable to cost-effectively provide adequate test coverage required by today’s complex applications.

The limitation of the current test methodology has resulted in the changing paradigm of semiconductor test that has forced a re-think of test and the introduction of a new paradigm in test that we refer to as Test 2.0.

Test 2.0 leverages big data, intelligent automation, and application-specific instrumentation, to test devices not only at the device level but at the system level. This holistic approach to test delivers an assurance of quality at a significantly lower cost and in a much shorter time to market than was possible in the old test paradigm.

Given the application-specific nature of modern devices, AEM's custom-native modular platform approach to test, enables its customers to go-to-market faster, with a solution tailored to the customer's needs. AEM is uniquely positioned to enable this approach with a robust suite of technology capabilities borne out of its innovation DNA, combined with its delivery capabilities, and bolstered with the recent acquisition of CEI.

AEM has a unique ability to develop and deploy Test 2.0 ready systems that tie together elements of Burn-In, Final Test, and SLT into a massively parallel platforms that ensure highly cost-effective test solutions.

Technologies that accelerate the innovation process

AEM’s Wafer Level Test Solutions from Afore continues to gain customers in the Quantum Computing market. Additionally, we have wafer probers that are qualified by leading sensor manufacturers, and we are set to expand the deployment of these probers.

From high-density digital instruments to mixed-signal and protocol-aware instrumentation, our instrumentation portfolio is set to provide the competitive advantage for ATE solutions for SoC, high-power devices, and CMOS image sensors. We have successfully launched our CMOS Image Sensor total solutions.

AEM has a long history of serving the high-performance computing market, which has traditionally driven thermal control advancements for semiconductor test. We have expanded our

capabilities in active thermal management, which plays a vital part in all IC test steps ranging from Wafer Sort, Burn-In, and SLT, giving us a leading position globally in active thermal management. Our unified thermal control platform ensures end-to-end performance coverage and clear economy of scale advantages ranging from single die low power processors all the way to highly complex multi-chip cloud computing processors.

During the year, we signed a new OEM automotive harness test supplier who has integrated our RF tester Mixed Mode Multi-Port Network Analyzer (MMVNA) into their system. The sales of our new network qualification tester Network Service Assistant (NSA) grew significantly for 5G front-haul and enterprise customers. Our teams have been working collaboratively to develop innovative test solutions for automated testing of passive communications devices such as connectors. These high-performance test solutions have been deployed at customer sites. Our key differentiation is our technology pillars and our deep know-how on composing application-specific test and handling solutions.

Clear Leadership & High-Level of Excellence

Earlier in January 2022, we announced a reorganisation of our leadership team. Industry-veteran Samer Kabbani, AEM's Chief Technology Officer (CTO), will take on the role of President of AEM International. In addition to his CTO responsibilities, Samer will now be responsible for all our Business Units (BU) in Finland, the US, and our Test Cell Solutions BU in Singapore. He will also oversee our engagements in South Korea. As we continue to accelerate our new customer acquisition strategy, we've also developed a worldwide sales organisation focusing on revenue growth and driving excellence in Sales Operations. Leading this team is our Senior Vice-President of Sales, Mark Yaeger. I would also like to welcome two new board members, Alice Lin and Russell Tham, and express our thanks to Adrian Chan and Basil Chan, who have retired as our directors on 31 December 2021. I would also like to thank the outgoing director, Lavi Alexander Lev, who will not seek re-election and will retire as a Director at the AGM this year.

The COVID-19 pandemic has intensified our need to work closely as a team with our partners and stakeholders. The most critical success factor is our people, and we've prioritised their wellbeing and safety. Likewise, our team has stayed resilient in the face of crisis, especially over the past two years. Our shared goal has always been to remain agile and quick in adapting to new strategies and processes and ensure our customers' success. I am proud of our engineering team, who recently received the "Team of the Year" Award in the technology category at the SBR Management Excellence Awards.

A Zero Failure World

Semiconductors will continue to play a critical role in creating a better world. As the proliferation of semiconductors grows in mission-critical applications, we are committed to providing rigorous and agile testing that integrates with the rapid advancements in technology, assuring reliability, enabling scalability, and accelerating progress.

Forging Ahead

We have confidence in the innovative, resilient, and collaborative culture that AEM has built over the years. This will help us overcome the challenges we see in the current geopolitical situation and realise our vision to build "A Zero Failure World", providing the best-in-class technologies, tools, and proven methodologies to help manufacturers succeed in the 5G era.

On behalf of the AEM Team, I wish you and your families the best of health!

Chandran Nair
Chief Executive Officer

Chok Yean Hung

Non-Executive, Non-Independent Director, Member of the Audit & Risk Management Committee, and Member of the Strategy Committee

Age: 57

After helming the company as its Chief Executive Officer, Mr. Chok Yean Hung joined AEM's Board of Directors. As a board member, Mr. Chok continues to provide his insights, management, and technical experience. With over 30 years of experience in the semiconductor industry, he is highly recognised for his foresight and aptitude to build and grow start-up companies to sustainable, independent, publicly-listed companies.

Loke Wai San

Non-Executive Chairman, Chairman of the Strategy Committee, and Member of the Nominating Committee

Age: 53

Mr. Loke Wai San has been the Chairman of AEM since 2011 and served as Executive Chairman from 2017 to 2020. He is also the founder and CEO of private equity fund adviser Novo Tellus Capital Partners.

With over 27 years of global technology management and investment experience, Mr. Loke helped transform AEM from a regional automation company to an emerging global technology provider of semiconductor backend test solutions. He has also provided leadership for AEM's acquisitions. Mr. Loke also serves on the board of Enterprise Singapore and on the boards of several other public and private companies in the region.

Loh Kin Wah

Independent Director, Member of the Nominating Committee, Member of the Remuneration Committee, and Member of the Strategy Committee

Age: 67

Mr. Loh Kin Wah has extensive leadership experience in the semiconductor industry. He is a Member of the Supervisory Board and Chairman of the Technology Committee at AMS AG, Director at UTAC Pte Ltd, and Chairman of Huba Control AG. Over the last 30 years, his appointments include Vice Chairman of Ampleon BV, Executive Vice President, Global Sales and Marketing of NXP Semiconductors, President and CEO of Qimonda AG, and Executive Vice President, Communications Group of Infineon Technologies AG.

Lavi Alexander Lev

Independent Director, Chairman of the Nominating Committee, and Member of the Strategy Committee

Age: 65

Mr. Lavi Alexander Lev has 38 years of Silicon Valley and Asia experience. Throughout his professional career, he served as CEO, President, General Manager, and VP of R&D in the semiconductor chip design, Electronic Design Automation (EDA) software, test equipment, contract manufacturing, and 3D printing industries at Intel, Sun Microsystems, Silicon Graphics, Cadence Design Systems, Credence Systems and most recently was the Asia president of Ultra Clean Technology. He is an advisory board member of the National Additive Manufacturing Innovation Cluster (NAMIC) and a member of the Singapore Institute of Directors. Mr. Lavi Lev will retire from AEM's Board of Directors at the conclusion of the 2022 Annual General Meeting.

Alice Lin

Independent Director and Chairman of Audit & Risk Management Committee

Age: 54

Ms. Alice Lin brings a wealth of leadership experience that spans the corporate, investments, and philanthropic sectors. She served as CFO of Oracle Asia Pacific, managing finance and M&A for the multi-billion US-listed technology company in the region. Ms. Lin's experience covers multiple geographies and functions, including a stint as Director of Globalisation at Oracle. She is a shareholder and director of Green Mountains Investments Ltd., focusing on a broad range of late -stage and listed companies. She was a founding board member of Asian University for the Women Support Foundation in Singapore and Hong Kong.

James Toh Ban Leng

Lead Independent Director, Chairman of the Remuneration Committee, Member of the Audit & Risk Management Committee, and Member of the Nominating Committee

Age: 57

Mr. James Toh is a founding director of Novo Tellus Capital Partners, a Singapore-based private equity firm. Mr. Toh started his career in management consulting, at Booz Allen & Hamilton, and subsequently A.T. Kearney. For the last 25 years, he has been Managing Director of ACT Holdings, a private Singapore group investing in property and private equity in Asia and the US.

Russell Tham

Non-Executive, Non-Independent Director, Member of the Nominating Committee, Member of the Remuneration Committee, and Member of the Strategy Committee

Age: 54

Mr. Russell Tham brings extensive experience in the technology industry. Mr. Tham is currently the Head of Strategic Development, and Joint Head of Enterprise Development Group of Temasek International, focusing on building new businesses and investing globally in early-stage high potential Science & Technology ventures. He was the President of Applied Materials Southeast Asia from 2009 to 2018, leading the regional business and overseeing the company's expansion into manufacturing, supply chain, R&D, and product development for global markets in Singapore.

Left **Chandran Nair,** Chief Executive Officer
Right **Samer Kabbani,** President (AEM International) & Chief Technology Officer

Left to Right **Pascal Pierra,** Senior Vice-President & General Manager, Instrumentation;
Goh Meng Kiang, Vice-President, Global Operations; **Chua Tat Ming,** Vice-President, Global Engineering

Leong Sook Han
Chief Financial Officer

Mark Yaeger
Senior Vice-President, Sales

Left to Right Tan Ka Huat, Managing Director, CEI; **Lee Chee Kiong,** Director, Quality; **Seah Boon Seng,** Senior Director, Key Account; **Samir Mowla,** Senior Director, Corporate Development, Corporate Marketing, and IT

Tay Cheng Hoo
Director, Human Resources

january

Opening of AEM Costa Rica Office

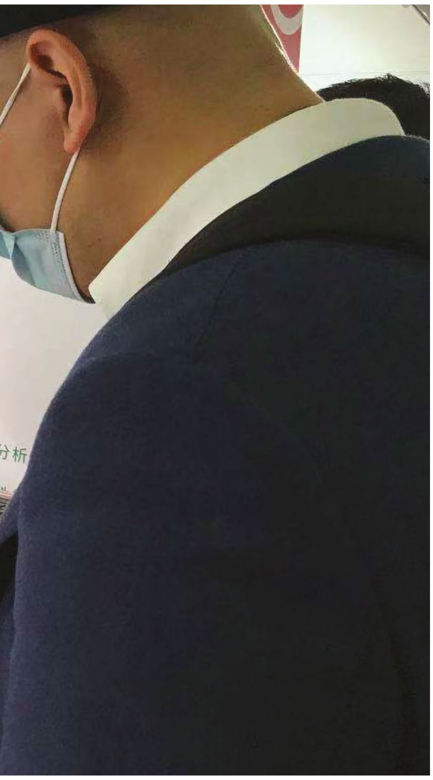
march

SEMICON China

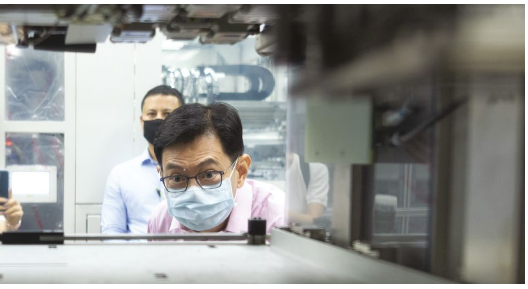
AEM Testing Innovation

april

AEM Virtual Annual General Meeting; Launch of AEM Brand Refresh



AEM acquired its largest acquisition, CEI Limited, a leading contract manufacturing services provider; AEM acquired a minority stake of ATECO Inc., a South Korean company that specialises in the design and development of memory test handler solutions targeted at the memory market; Opening of AEM San Diego Office



may

Our engineers sharing with Deputy Prime Minister Heng Swee Keat and Minister for National Development Desmond Lee on how we aim to be a critical node of the global value chain.

august

SEMICON Southeast Asia

september

Opening of AEM Shanghai Office

MEMS World Summit Europe Sponsorship

december

SEMICON West & Test Vision Symposium

SEMICON Taiwan

october/november

MEMS World Summit China Sponsorship
TestConX China Virtual Presentation
Sensors International Brussels Sponsorship

2016-2021 Rev. CAGR

52%

FY2021 Results

Revenue: S$565.5M

PBT: S$111.1M

FY2022 Guidance

S$670M to S$720M

Leader in Fast Growing SLT Market

SLT growth driven by advanced computing & packaging

AEM has over **40,000** SLT sites in production

Full Stack Technology

Delivering **composable** technologies and solutions for advanced, integrated semiconductor test needs

AEM is a global leader in application-specific intelligent system test and handling solutions. We work with semiconductor and electronics companies serving the advanced computing, 5G, and AI markets.

AEM Testing Innovation

Listed on SGX

Market Cap: ~S$1.3B*
AEM Holdings Ltd.
(SGD: AWX)
(USD: XWA)

*As at 28 February 2022

Full Stack Delivery

Critical delivery capabilities giving our customers a **reduced time to market**

Named
Forbes Asia's 200 BEST
UNDER A BILLION
2019 · 2020

Delivering a Paradigm-Shifting Solution for the World's Test Needs.

At AEM, we have built a company focused on efficiently delivering composable solutions to our customers at scale. In a time of rapid digitalisation, where our customers are being driven to innovate and deliver application specific devices, our solutions enable these devices to get to market quickly, efficiently, and with an assurance of quality. We have created an organisation that meets the demands of the semiconductor and electronics companies serving the advanced computing, 5G, and AI markets.

Critical to our success is our Trident Strategy of Product Leadership, Operational Excellence, and Customer Intimacy. This strategy forms the foundation of how we deliver exceptional value to our customers. Leveraging on our strong culture of innovation and the technology capabilities we have built internally and acquired through our M&A programme, we can create leading products that meet the exacting needs of our customers. Our strong technical differentiators are complemented by our exceptional ability to ensure delivery of a quality product at a moment's notice through our operational excellence. Customer intimacy is the remaining piece that enables us to combine our technological and operational capabilities into a value-delivering force that creates value for our customers.

Complete Test Coverage and Support for Resilient Test Solutions

***by Samer Kabbani**, President (AEM International) & Chief Technology Officer*

Traditional functional testing has been made less effective, almost impossible, with technology nodes continuing to evolve. More companies are realising that the only way to ensure reliability, safety, and repeatability is to use the System Level Test (SLT). This was evident in 2021 as we continued to pave the way in providing and deploying SLT solutions worldwide.

2021 started off strongly with our product development team's new organisational structure. We have always strived towards a flat organisational structure that allows for innovation, and an efficient decision-making process. When teams are encouraged and empowered to take ownership of their own decisions, the company can stay agile and responsive in the face of challenges.

At the moment, our Test Cell Solutions BU focuses on product development for all our handlers and automation. This includes wafer, packaged and SLT handling solutions, custom automation, and related consumables. With our Test Cell Solutions BU's significant progress in developing new products, AEM will be able to expand our market share and reach throughout 2022.

The Future of Test

In 2021, we revamped our high parallel test cell platform, Asynchronous Modular Parallel Systems (AMPS). The resulting solution was a clear industry disruptor offering customers unmatched cost of test advantages and superior process control. A key differentiator that sets AEM's AMPS SLT+ solution apart is its full-stack solution that ranges from high-speed device handling, seamless integration of test content, advanced thermal control, intelligent data tracking, and factory 4.0 automation readiness. The solution is also highly configurable to be application-specific to meet each customer's unique requirements. We're excited by AMPS platform's near-term potential opportunity in the Memory and Application Processor IC's SLT. Besides that, another emerging focus area for us will be the high-power computer Burn-In testing.

In August 2021, we announced that an industry-leading memory-integrated device manufacturer selected AEM's AMPS. This selection reaffirms AEM's industry leadership in providing the most flexible and cost-competitive test solution across the broad semiconductor market.

Additionally, we also achieved a significant milestone with the development of AEM's new high-power SLT platform called, Trident. Leveraging on AEM's long pedigree in advanced thermal control, the Trident platform will be positioned to capitalise on solving daunting test challenges stemming from the new and rapidly growing heterogeneous package industry.

Our Cryogenic Wafer Prober, initially developed for a major microprocessor supplier, is gaining traction with customers in the Quantum Computing market. Our installations and bookings cover the US, Europe, and Asia. Our wafer probers MPP and KRONOS are qualified by a leading Chinese sensors manufacturer and gaining a foothold on Chip Scale Packaged sensor testing. We are working to develop capabilities to expand the usability of these systems.

AEM also partnered with RoodMicrotec NV, a leading independent company for semiconductors supply and quality services, to provide AIOLOS environmental wafer level test system available to European customers. Our AIOLOS will be available for demonstrations of system capability and sample and production testing at RoodMicrotec's facility in Nördlingen.

To expand our capabilities in Wafer Level Testing, AEM is continuously developing new solutions to serve our customers with optimal solutions. In 2021, we finalised the prototype of a new platform which will be released in 2022.

Application-Specific, Full-Stack Capabilities

Our ability to deliver application-specific solutions based on common technology blocks to meet our customers' needs is one of our strengths. To expand AEM's application-specific test solutions further, we delivered our fully integrated CMOS Image Sensor Test Cell to UTAC in 2021. This comprises of our Automated Test Equipment (ATE), the Zen1 PnP Handler, and AEM's proprietary light source stimulus. Together with UTAC, we announced this joint partnership in 2020 to provide higher quality and lower cost of test in the growing CMOS Image Sensor market. We are proud of the cross-collaboration between the teams to deliver the solution despite the challenges we faced during the COVID-19 pandemic.

Driving Excellence

To strengthen our go-to-market strategy, we announced our partnership with South Korean company ATECO Inc. in 2021. Through this partnership, we could leverage ATECO's unique technology and target the memory market. ATECO's customer wins announcement of two of the largest memory manufacturers in the industry is evident of the company's market-leading capabilities. We believe that bringing our capabilities together will put us ahead of the curve in test and handling for semiconductor devices.

In 2021, we expanded our customer-facing operations globally by adding offices in Hsinchu and Shanghai. Our focus continues to be, driving engagement with key accounts that gain value through our differentiated solutions, including high-performance active thermal control, high parallel SLT, high-power Burn-In with application-specific, full turnkey solutions.

We have received positive feedback at SEMICON China, SEMICON Taiwan, and SEMICON West. At SEMICON Taiwan, we held a closed-door presentation to showcase our latest next-generation systems. As we continue to engage in deep technical engagements, we are confident that we are aligned with the industry's direction and are well-positioned to take on future challenges.

Delivering Test Solutions For an Application Specific World

By Pascal Pierra*, Senior Vice-President and General Manager, Instrumentation*

The Instrumentation Business Unit (BU) includes two groups with high-growth potential - Test and Measurement Solutions (TMS) based in Singapore and Automated Test Equipment Solutions (ATE) located in France and Singapore. Our technology expertise enables us to develop application-specific solutions to meet our customers' needs.

ATE Complete Test Solution

2021 was a pivotal year for our ATE division. We completed the development of our CMOS Image Sensor total solution. This project is a great illustration of AEM's unique commitment to support its customers with application-specific solutions uniquely designed for their needs.

We used the full spectrum of AEM capabilities with one-of-a-kind automation, in-house illuminator, and ATE offered at a very competitive price. We are now actively promoting this solution to multiple customers; we expect multiple orders in collaboration with our partner in the near future. We intend to extend our partnership with UTAC beyond CMOS image sensors to engage more customers together in Asia.

At SEMICON Taiwan 2021, we presented a "live" demonstration of our M5S-HD tester, an ATE solution designed to meet the market demand for affordable and efficient test solutions. We received positive reviews from the attendees, and we continue to connect with customers in industries such as mobile devices, consumer, computing, and automotive.

We continue to see a unique opportunity for our test solutions in China. This year, we established the infrastructure - both technology and strategy - and we expect to engage customers in 2022. We have the right solutions for this challenging market.

Purpose-Built Field Test Equipment for Smart Building Technologies

Before Smart Building Systems, cable and connectivity testing was straightforward. However, the demands of today's testing require assurance of all aspects of the network, such as active and passive components, to verify appropriate distance, power, and bandwidth. There is a greater need to meet higher industry standards beyond initial certification, which has led to the process becoming increasingly complex. Our

engineers are steadily staying ahead of the test curve to meet our customers' needs from optimal performance to scalability for today and tomorrow's applications needs.

TMS builds on years of engineering expertise in providing high-port density RF test solutions in a portable form factor for modern networking requirements. The technology's scalability allowed AEM to provide innovative test solutions for automotive and 5G front-haul network validation. As a testament to our best-in-class technology, Test and Measurement Solutions have been recognised among the best by the "2021 Cabling Installation and Maintenance Innovators Awards".

An esteemed and experienced panel of judges from the cabling community recognised the TestPro CV100 - a Multifunction Cable Certifier Smart Building Test Kits - as a Platinum Honoree, the Network Service Assistant (NSA) - a Multifunction Connectivity Tester - as a Gold Honoree, and the Mixed Mode Multi-Port Vector Network Analyzer (MMVNA-200) as a Silver Honoree.

TMS made significant progress in 2021 with more than 30% revenue growth. The launch of NSA for smart building network testing has been well-received. During the year, we launched several application-specific kits for NSA. Our TestPro CV100 Multifunction Cable Certifier and NSA received several awards at various shows in 2021, acknowledging our unique portfolio of solutions. In a major expansion of our distribution network, we added strong, new channel partners across the globe.

We had significant repeat business from our existing customers for automotive cable harness test and won new businesses from some of the large players in this space. Our Mixed Mode Multi-Port Network Analyzer (MMVNA) provides important test functionality for automotive cable testing. The importance of our solutions will further grow as the adoption of Single Pair Ethernet progresses. We also introduced new test fixtures for 4-pair cable and connector testing using MMVNA to serve LAN cable manufacturers.

We have a strong roadmap of test solutions to address both enterprise networks and automotive segments in the coming years. We expect to accelerate our growth in 2022 and become a major player in the market.

We Bring Test Into The Test Cell

Another key role of the Instrumentation BU is to support the Test Cell Solutions BU by implementing test solutions into the Configurable Test Units delivered to our Asynchronous Modular Parallel Systems (AMPS) customers around the world. Each application requires a unique test implementation designed and engineered by our business unit in collaboration with the Test Cell Solutions BU to provide world-class solutions to our customers.

Power of Collaborative Engineering

Both ATE and TMS Teams worked diligently and with agility to navigate the current shortages and delays in components supply to fulfil the increased demand. As we navigate supply chain challenges extending into 2022, we will continue to work closely with our manufacturing partners to support our customers with on-time deliveries.

I am proud of the spirit shown by the AEM Teams through another challenging year with the COVID-19 pandemic and the tight supply chain. We are well positioned to provide customers globally with our unique AEM solutions that are catered to their needs, together with the world-class support that we have demonstrated time again for our existing customers.

System of Strength

***By Seah Boon Seng,** Senior Director, Key Account*

We have partnered with our key customer in their innovation processes to optimise outcomes on their production floor for back-end test for many years. As a leader in system test and handling solutions, our customised system integrates precise high-speed motion, innovative mechanical design, advanced programmable logic control, machine vision sophisticated graphical user interface design, reliable compliance communication protocols for mass volume manufacturing, and new technology development laboratories.

Customer Intimacy is in Our DNA

We started 2021 with concerted efforts to enable our key customer to successfully qualify and adopt our two new platforms in their key manufacturing sites - the High-Density System Level Test and High-Density Burn-In solutions. As our customer pulled ahead with multiple new product launches on its advanced semiconductor nodes, we saw demand picking up in the first half of the year, with strong momentum spilling into the second half. These new products utilise both our legacy and new platforms, together with the related collaterals.

Amid the ongoing COVID-19 pandemic restrictions, we maximised our global resource deployment and overcame many challenges, such as global supply chain disruption, labour shortages, and engineering schedules, in our quest to meet our key customer's strong demand and steep production ramp.

With a mindset to ensure our key customer's success, we collaborated with our key customer to explore creative solutions to meet project milestones ahead of schedule and enable high-volume manufacturing prototypes in record time. We kept cadence to forge ahead with new development programmes and set up a New Product Introduction (NPI) Team in Malaysia to tap on talents in the region to serve our customer better.

Resilient Solutions, Systems, and Processes

As the pandemic dragged on and aggravate the material and labour shortages, we tapped on our global manufacturing sites and purchasing network to stay ahead to execute the production ramp with

minimum disruption. Our immediate actions were to expand production capacity and increase headcount across our Singapore and Malaysia manufacturing sites. We expanded our global supply chain and partnered with our key customer and suppliers to secure material ahead of production build.

With the successful qualification of new platforms, we upskilled and equipped our Global Field Service Engineering (FSE) Team to deploy our platform flawlessly across our key customer's global sites. Our FSE Team continued to practice self-sufficiency and proliferate innovative virtual training across our global sites with the ongoing travel restrictions.

When the COVID-19 pandemic hit us in 2020, we initiated a Business Continuity Plan (BCP) based on lessons learned from the previous SARS outbreak. We are glad that our BCP, Safe Management, and Supply Chain Resilience initiatives were highly recognised by our key customer who awarded us the prestigious

From executing products in a highly coordinated manner to synchronised product implementation, **our Teams are agile in adapting to new strategies and processes and resilient in the face of challenges**

"Supplier Achievement Award: COVID-19 Response". We also received a special award to acknowledge our "Commitment to Software Excellence".

The Quest for Success

As we wrapped up 2021, we were honoured to receive the Singapore Business Review Management Excellence Awards for Team of the Year. From executing products in a highly coordinated manner to synchronised product implementation, our Teams are agile in adapting to new strategies and processes and resilient in the face of challenges, especially over the past two years.

As we sprint into 2022, we expect our key customer to carry over the strong momentum to expand our new platforms to multiple sites and with continued demand for consumables and spares over the lifetime of our equipment. We will continue to build on our close partnership to explore new business and technology collaborations in our quest for success together.

Talent is one of the greatest assets a company can have.

At AEM, we encourage our team members to continue challenging the status quo and identify opportunities to innovate and create new ways of working.

No matter where we are, together we are OneAEM.

"I've had the opportunity to work with team members from various functions and across our offices worldwide. AEM has a Learning Organisation culture, and everyone is open to sharing their knowledge. Despite being new to the company, I've been able to learn about the business quickly. This allows me to deliver meaningful and impactful contributions."

Christine Fu
Communications Specialist

"I've been with the company for more than 15 years, and it feels like I've grown with the company. The industry continues to change rapidly, but with the internal courses organised for us, I've been able to stay relevant and keep up with the latest industry developments. By upskilling, I believe my team members and I can bring AEM to the next level of service excellence."

Raymundo Daniel
Quality Assurance Manager

"When an issue surfaced with just three days before the project deadline, the project leads took this challenge in stride. Together with the leads, we pushed our sleeves up and worked on solving the problem together – even when it took extra time and effort. This experience showed me that with resilience and perseverance, anything could be possible."

Foo Jia Lim
Software Engineer

"There are always opportunities to hone and grow different skills – technical and soft skills – with our learning and development team constantly providing workshops and programmes. I've learnt a great deal of new skills and technology that I've been able to bring into new products.

The innovative culture of the company allows us to try new things. We are empowered to challenge the status quo with leaders who will motivate and encourage us, and our customers that are willing to take a chance on us."

Arun Kumar
Staff Electrical Engineer

"Joining AEM has been one of the most rewarding experiences of my career. With my 30 years of experience in this market, I am able to apply my knowledge to help define new product direction and work to establish the brand as an innovative and highly competitive solution offering, in a highly competitive market.

This is only possible because, at AEM, we are empowered to make decisions and drive business initiatives. Together with the entire team across various functions, we collaborate to innovate and solve testing challenges. This has got us to where we are today, and I am excited at what the future holds."

Lisa Schwartz
Director Business Development/Product Marketing
Test and Measurement

"As a project manager, there's much planning for everything to run smoothly in a project. It could involve addressing customers' needs, delegating resources, or defining design. My team's support and their dedication to solving problems keep me motivated to achieve every target that we set. I'm excited about the endless possibilities and challenges for my personal development and collectively as AEM continues to grow globally."

Juuso Helander
Project Manager
Afore Wafer Level Test Solutions

"The innovative entrepreneurship spirit of the company opens many doors for me to hone and grow myself. I was fortunate to have the opportunity to visit the company headquarters in Singapore and take part in a month-long training. It was a great experience where I learned from colleagues from different teams and specialties, who were all helpful and supportive throughout the experience."

Richard Chiu
Senior Field Application Engineer

"The strong emphasis the company puts on hard work and quality drives me to take on projects that are challenging, not just as a project, but also working with people across the organisation. I've found joy from working with colleagues from other regional offices in such a collaborative atmosphere.

That has allowed me to grow and thrive as a professional in AEM as I've learnt how to interact effectively with team members and customers to provide the best quality work possible."

Yanna Aparicio
Office Manager
AEM Costa Rica

Serving The Community We Work and Live In

PEDALING AGAINST PAIN

AEM was the Presenting Sponsor for "Ride for Hope", a cycling fundraiser organised by the National Arthritis Foundation (Singapore). This event aimed to increase awareness of arthritis and raise funds to assist underprivileged patients in getting access to treatment for joint pain and stiffness. From 20 September to 17 October 2021, our colleagues cycled more than 3,500 km in total and raised over S$9,000.

GIFTING OF DAILY ESSENTIALS

AEM Malaysia (AMM) contributed daily essential items to the Malaysia Parliament Member YB Sim Service Centre for the people of Penang whose livelihoods were affected by the COVID-19 pandemic and needed social assistance. Additionally, AMM sponsored daily essential items to the Penang Handicapped Society and Children's Protection Society.

Where Learning is Supported and Ideas are Empowered

SYSTEM FOR SELF-DEVELOPMENT

In our ongoing efforts to encourage a learning culture, AEM launched the Learning Management System (LMS) in June 2021. Team members can take ownership of their professional development using the LMS to enrol themselves for e-learning courses and on-site classroom training. Each team member can also manage and track their training records. Training recordings are available in the LMS for them to revisit when they wish to refresh their knowledge.

WEBINAR FOR WELLNESS

As part of our endeavour to improve employee wellbeing, the HR Department has been organising webinars on health and wellness. This monthly programme is presented by doctors, medical professionals, and experts through a partnership with Enterprise Sports Group Pte Ltd.

IN PURSUIT OF PROFESSIONAL DEVELOPMENT

The "Professional Membership and Continuing Education Sponsorship" supports team members interested in joining professional associations or pursuing further studies. In 2021, AEM awarded two Continuing Education Sponsorships to a Senior Technician from Manufacturing and an Engineer from Software.

Building Stronger Relationships

FINLAND

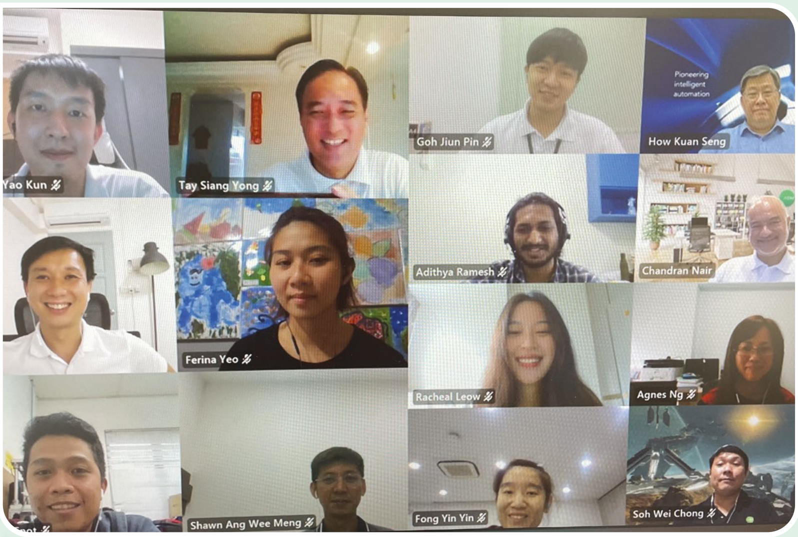
Finland's Employee Wellbeing Day was organised on 15 October 2021. The itinerary at "Villa Island" included a lecture by an Employment Health Psychologist, a volunteer-based physical health test, a grandmaster competition in small teams, and an evening of relaxation with sauna and refreshments.

The AEM Finland Christmas Party was held on 19 November 2021 and included theatre and dinner, during which long service awards were presented to staff who had worked with the company for 10 years.

COSTA RICA

Costa Rica has doubled our Field Service Engineers headcount from January to November 2021 to meet our customers' needs with a greater sense of urgency. During the year, our FSE Team also organised a Father's Day celebration.

Engaging Our People



Engagement between employees and senior leadership has been enhanced through two employee communication programmes – "Coffee with CEO" and "Sharper Insights".

"Coffee with CEO" is an informal session where groups of 10 to 15 team members from different departments meet up with Chief Executive Officer Chandran Nair to chat about career advancement, leadership direction, and other topics. During "Sharper Insights" sessions with management staff, our CEO shares AEM business strategies to help them better understand how management decisions are made.

We recognise that the success of our business is inextricably linked to the progress of our people, the communities we live and work in, and the environment.

As such, we remain consistently cognisant of the social, ethical, and environmental impact of AEM's activities. Our vision, A Zero Failure World, encapsulates aspects of our business and our pursuit of sustainability action.

Our commitment to sustainability focuses on the three key pillars as shown here.

Read our Sustainability Report FY2021 here.

AEM's commitment to sustainability across three key pillars

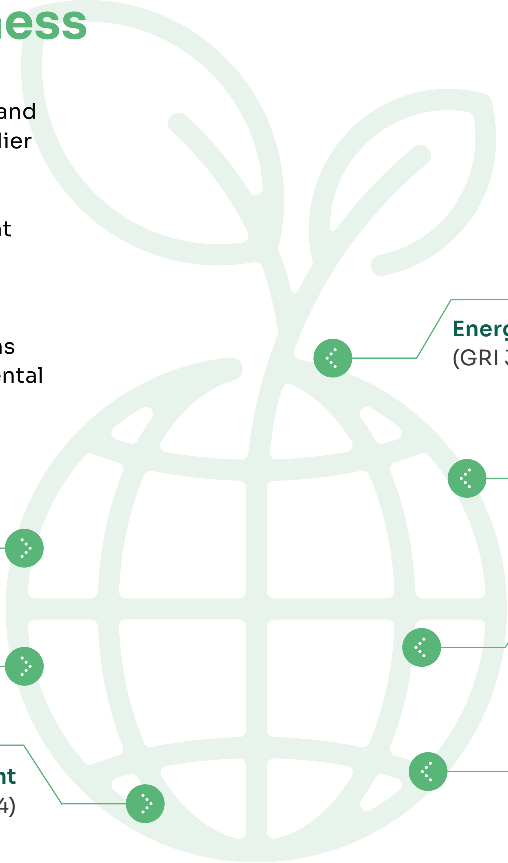
Sustainable Growth

We adopt an integrated approach of ethical practice, corporate governance, financial discipline, and risk management to improve decision-making and create value for the long term.

Environmental Conscientiousness

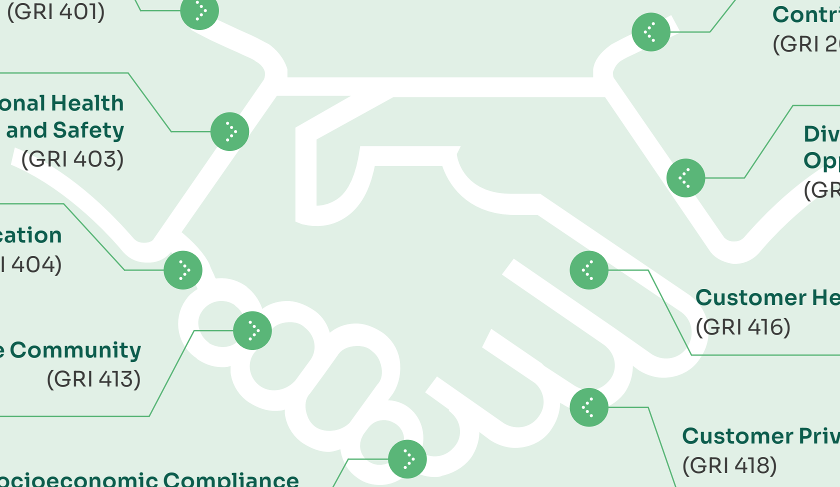
We integrate energy efficiency measures into our daily operations and strive to carry out sustainable supplier management, energy management, water management, environmental compliance, and waste management through our business endeavours.

We are committed to taking part in tackling climate change as it remains one of the most defining environmental risks facing society today.



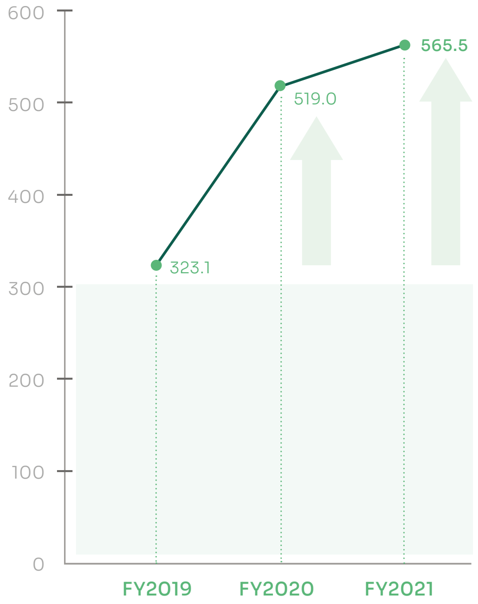
Solidifying Relationships with Our Stakeholders

A unified business organisation means investing in our people first and cultivating relationships with all our stakeholders and communities. We prioritise the safety and wellbeing of our people and strive to develop and manage the employee lifecycle with the Company.



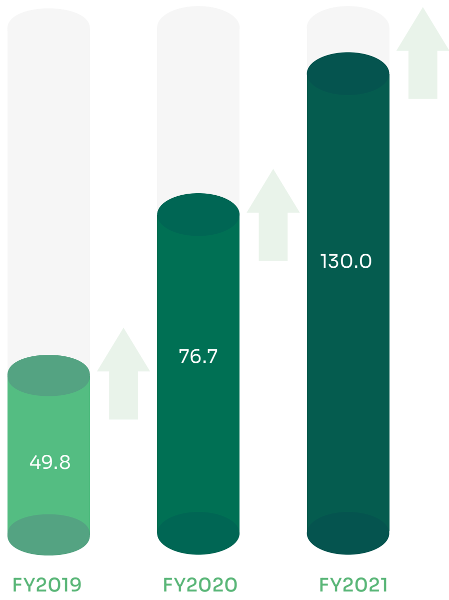
Revenue
(in S$' Million)

FY2019	FY2020	FY2021
323.1	519.0	565.5

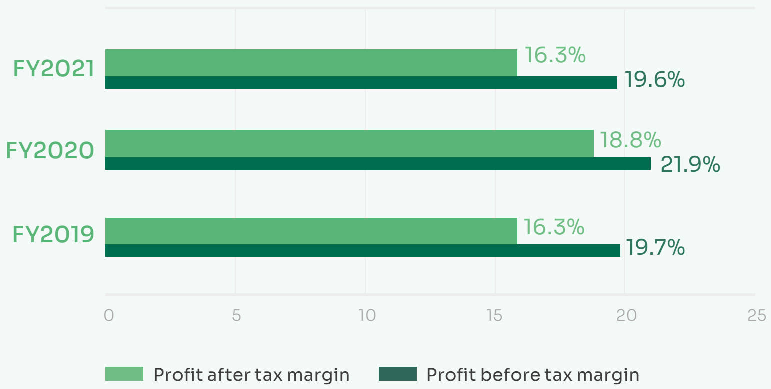


Net Asset Value Per Share
(in Singapore cents)

FY2019	FY2020	FY2021
49.8	76.7	130.0



Profit Margins



Diluted Earnings Per Share
(in Singapore cents)

Performance Summary

Profit or Loss Statement	FY2021 S$'000	FY2020 S$'000	FY2021 vs FY2020 Change
Revenue	**565,462**	**518,959**	**9.0%**
Cost of sales	(378,813)	(351,521)	7.8%
Gross profit	**186,649**	**167,438**	**11.5%**
Research and development expenses	(19,935)	(11,441)	74.2%
Selling, general and administrative expenses	(58,674)	(45,932)	27.7%
Foreign exchange gain/(loss), net	1,891	(803)	NM
Other income, net of other expenses	1,892	3,896	-51.4%
Finance (cost)/income, net	(1,325)	448	NM
Share of equity-accounted investees' profit, net of tax	644	199	223.6%
Profit before tax	**111,142**	**113,805**	**-2.3%**
Tax expense	(19,051)	(16,218)	17.5%
Profit for the year	**92,091**	**97,587**	**-5.6%**

Financial Position

Balance Sheet Highlights	31 Dec 2021 S$'000	31 Dec 2020 S$'000
Property, plant and equipment	26,122	8,127
Right-of-use assets	17,767	9,509
Intangible assets	96,882	46,646
Investment in associates	15,887	4,680
Inventories	204,926	79,676
Trade and other receivables	127,941	47,571
Cash and cash equivalents	216,180	134,785
Total assets	710,498	335,519
Financial liabilities (current and non-current)	81,273	11,287
Trade and other payables (current)	181,048	83,658
Net asset value per share (Singapore cents)	**130.0**	**76.7**

Cash Flows

Cash Flows Statement Highlights	FY2021 S$'000	FY2020 S$'000
Net cash from operating activities	51,997	86,287
Net cash used in investing activities	(85,224)	(29,771)
Net cash from/(used in) financing activities	113,513	(25,904)
Net increase in cash	80,286	30,612
Cash & cash equivalents as at 31 Dec	**216,180**	**134,785**

Introduction

AEM Holdings Ltd. ("AEM" or the "Company") is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST") (Reuters: AEM.SI, Bloomberg: AEM:SP). We are a global leader in test innovation. AEM and its group of companies ("the Group") provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support. The Group has a global presence spreading across Asia, Europe, and the United States. With manufacturing plants located in Singapore, Malaysia, Indonesia, Vietnam, China, and Finland, and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

Operations Review

Our cost-effective and highly efficient testing solutions have contributed to another record-breaking year ended 31 December 2021 ("FY2021'). AEM delivered on the FY2021 revenue guidance (between S$525.0 million to S$550.0 million) with a 9.0% year-on-year increase in revenue to S$565.5 million. Profit before tax stood at S$111.1 million (FY2020: S$113.8 million) as we stepped up investment in R&D activities and capabilities to address the needs of our customers and to stay ahead of competition through innovation. Our strategy is centred on building the most comprehensive semiconductor and electronics test solutions, and therefore, we will constantly invest in our R&D capabilities. We believe that the way forward is to embrace innovation and upgrade our technologies regularly to address the needs of our customers.

Merger and Acquisition

At AEM, we constantly aim to expand our technology pillars and complement our in-house R&D efforts via merger and acquisition. Since 2017, AEM made various acquisitions to bring together core technologies to realise our System Level Testing Plus ("SLT+") vision.

On 31 March 2021, the Group acquired a controlling stake in CEI Limited ("CEI"), a reputable contract manufacturer of printed circuit board assembly ("PCBA"), wire-harness & interconnect systems, box build and equipment manufacturing. As of 30 June 2021, the Group successfully acquired 100% of the issued share capital in CEI. The acquisition of CEI solidified AEM's portfolio with improved vertical integration via a higher level of controls towards quality and agility over the entire supply chain. CEI's regional footprint strengthened our resilience and enabled us to be even more responsive to the needs of our global customer base.

In 2021, the Group acquired a cumulative 43.15% of the issued share capital of ATECO Inc., a South Korean company that specialises in the design and development of memory test handler solutions targeted at the memory market. As part of the investment, the Group has been granted the rights to acquire further shares of ATECO Inc., which together with the acquired 43.15%, will constitute up to 65% of the total issued share capital of ATECO Inc. With the investment, AEM will be able to work together with ATECO Inc. to offer advanced solutions to the memory market in South Korea and engaged in joint R&D efforts to stay ahead of the curve in testing and handling for semiconductor devices.

Private Placement to Temasek

On 31 August 2021, AEM allotted and issued 26.8 million shares to Venezio Investments Pte. Ltd. (part of the Temasek group of companies) for an aggregate cash consideration of S$103.1 million pursuant to the share placement subscription agreement entered into by both parties on 6 August 2021.

The investment from Temasek came at a time of significant change and opportunity in the semiconductor industry. With the backing by Temasek, a globally connected investor, the Group will be able to lean more purposefully into our growth plans. We will use the proceeds from the private placement to bolster our growth opportunities by investing in next generation testing capabilities, deepening research & development to accelerate product portfolio expansion, and funding our merger and acquisition plan.

Dual Currency Trading of AEM Shares

Over the years, AEM's shareholder base has diversified significantly with many foreign investors and funds being our shareholders. To provide greater flexibility and convenience to our shareholders and potential investors, we have successfully applied for AEM shares to be traded on the dual currency trading platform of the SGX-ST on 4 January 2022. With the dual currency trading, shareholders and investors are able to buy or sell AEM shares through either the US Dollar counter (Stock Code: XWA) or the Singapore Dollar counter (Stock Code: AWX) given the fungibility of shares between the two counters. We believe that dual currency trading will enhance the attractiveness of AEM shares for existing shareholders and potential investors.

Treasury Shares

For the year under review, the Company acquired 1,208,000 (FY2020: 1,378,000) shares in its share capital as treasury shares for a total consideration of S$4,638,000 (FY2020: S$2,864,000). 637,000 (FY2020: 1,593,000) treasury shares were reissued pursuant to the Company's Performance Share Plan 2017 during the current year.

As of 31 December 2021, the Company held 1,876,000 (FY2020: 1,305,000) treasury shares with a book value of S$5,668,000 (FY2020: S$2,012,000).

Compensation and Benefits Policy

As of 31 December 2021, there were 1,496 (FY2020: 645) employees in the Group. The increase in headcount arose from the consolidation of CEI which the Group acquired in the first half of the year under review.

AEM provides competitive compensation packages to attract and retain the best talents, and to reward employee performance and encourage long-term contribution. Our packages include a base salary, allowance, employee cash bonuses, and performance shares. The total compensation of an employee is determined based on individual expertise, job responsibility, performance, and contributions to operations, profitability and long-term goals of the Group. AEM believes in providing a strong variable component in the employee remuneration. In addition, AEM also provides staff benefits including medical, dental and life insurance.

Foreign Currency Risk Management

The Group's foreign currency transactions are mainly denominated in United States dollar ("US$"), Euro ("EUR"), and Malaysian Ringgit ("MYR"). The Group has currency exposure resulting from sourcing from materials supplies mainly in US$ and S$ and having its main production operations in Singapore where the operating expenses are mainly in S$. The Group is therefore subjected to foreign exchange rate translation and transaction risks. The Group's foreign exchange exposure is partly hedged by purchasing materials and services that are denominated in the functional currency.

Performance Summary

For the year ended 31 December 2021, we achieved a stellar performance with ***revenue*** achieving a record high of S$565.5 million, compared to S$519.0 million for FY2020. Test Cell Solutions business segment contributed to the bulk of the Group's revenue at 76.8% and the remaining 23.2% from Instrumentation and other business segments. We saw a volume ramp up for our new generation System Level Testing handlers and peripheral tools towards the second half of the current year. The volume ramp up, together with the consolidation of CEI which the Group acquired in the first half of the current year, contributed to the revenue growth in FY2021.

Gross profit margin increased year-on-year from 32% to 33% of revenue for FY2021 despite increasing cost pressure from supply chain challenges.

Research & development expenses increased to S$19.9 million, approximately 4% (FY2020: 2%) of revenue, as the Group stepped up investment in R&D activities and capabilities to address the needs of our customers and to stay ahead of competition through innovation.

Selling, general & administrative expenses increased to S$58.7 million, approximately 10% (FY2020: 9%) of revenue, from the consolidation of CEI and higher legal and professional fees incurred during the current year.

The current year recorded a ***net foreign exchange gain*** of S$1.9 million (FY2020: net foreign exchange loss of S$0.8 million) arising from a stronger US Dollar as a significant portion of the Group's sales were denominated in the US Dollar while expenses are denominated in other currencies such as the Singapore Dollar.

Other income, net of other expenses, decreased to S$1.9 million (FY2020: S$3.9 million) due primarily to lower government grants received during the current year. The current year saw a **net finance cost** of S$1.3 million (FY2020: net finance income of S$0.4 million) from higher interest expenses due to the draw-down of bank facilities and the consolidation of CEI which resulted in an increase in bank loans.

The current year also saw a higher income tax expense at 17% (FY2020: 14%) of profit before tax; consequently, ***profit for the year*** decreased by 5.6% year-on-year to S$92.1 million for FY2021.

Financial Position

The Group's financial position strengthened further as ***cash and cash equivalents*** increased from S$134.8 million as of 31 December 2020 to S$216.2 million as of 31 December 2021. ***Total assets*** also increased from S$335.5m as of 31 December 2020, to reach S$710.5 million as of 31 December 2021 due in part to the consolidation of CEI. Therefore, ***net asset value per share*** increased to 130.0 Singapore cents as of 31 December 2021, compared to 76.7 Singapore cents as of 31 December 2020.

The consolidation of CEI which the Group acquired in 1H2021 resulted in the increase in most of the balance sheet items including property, plant & equipment, rights-of-use assets, intangible assets, inventories, trade & other receivables, and trade & other payables.

Property, plant and equipment

(31 Dec'21: S$26.1 million, 31 Dec'20: S$8.1 million)
The consolidation of CEI, including fair value uplift on the properties, resulted in the increase in property, plant and equipment.

Right-of-use assets

(31 Dec'21: S$17.8 million, 31 Dec'20: S$9.5 million)
New property leases entered by the Group and the consolidation of CEI resulted in the increase in right-of-use assets.

Intangible assets

(31 Dec'21: S$96.9 million, 31 Dec'20: S$46.6 million)
The increase in intangible assets arose from goodwill and other intangible assets from the acquisition of CEI, and the capitalisation of development costs on R&D projects.

Investment in associates

(31 Dec'21: S$15.9 million, 31 Dec'20: S$4.7 million)
The increase in investment in associates arose from the acquisition of 43.15% interests in ATECO Inc., a South Korean company that specialises in the design and development of memory test handler solutions targeted at the memory market.

Inventories

(31 Dec'21: S$204.9 million, 31 Dec'20: S$79.7 million)
Inventories increased due to the consolidation of CEI and higher inventory holdings at year-end to meet anticipated increase in production and sales volume.

Trade and other receivables

(31 Dec'21: S$127.9 million, 31 Dec'20: S$47.6 million)
Higher sales towards the end of the year and the consolidation of CEI resulted in the increase in trade and other receivables.

Financial liabilities - current and non-current

(31 Dec'21: S$81.3 million, 31 Dec'20: S$11.3 million)
New property leases entered by the Group, the drawdown on bank facilities and the consolidation of CEI resulted in the increase in financial liabilities.

Trade and other payables - current

(31 Dec'21: S$181.0 million, 31 Dec'20: S$83.7 million)
The increase in trade and other payables was primarily due to higher purchases of raw materials towards the end of the year and the consolidation of CEI.

Cash Flows

The Group's cash flows continued to be strong with a ***net cash generated from operating activities*** of S$52.0 million for FY2021.

Net cash used in investing activities amounted to S$85.2 million for FY2021 arising primarily from the cash considerations paid for the acquisition of CEI (a subsidiary company) and ATECO Inc. (an associated company). Research and development expenditures incurred during the current year also contributed to the net cash used in investing activities.

For FY2021, ***net cash generated from financing activities*** amounted to S$113.5 million due mainly to S$103.1 million raised from a private share placement to Venezio Investments Pte Ltd, part of the Temasek group of companies.

Consequently, ***cash and cash equivalents*** increased to S$216.2 million as of 31 December 2021 from S$134.8 million as of 31 December 2020.

Proposed Final Dividend

The Board of Directors has recommended a final dividend of 5.0 Singapore cents per share for the year ended 31 December 2021. Together with the interim dividend of 2.6 Singapore cents per share paid on 24 September 2021, total dividend for FY2021 amounted to 7.6 Singapore cents per share. The proposed final dividend is subject to approval by the shareholders of the Company at the Annual General Meeting to be held on 28 April 2022. Upon shareholders' approval, the proposed final dividend will be paid on 31 May 2022 to shareholders whose names appear on the Register of Members of the Company as of 17 May 2022.

Future Prospects

The continued growth in the demand of semiconductor chips for mission critical applications, along with the increased adoption of advanced heterogenous packaging, is driving the need for System Level Testing ("SLT"). According to VLSI Research, SLT is expected to grow 4.4x faster than wafer sort and functional test in 2020-2024, largely driven by the need to increase test coverage reliability.

The industry has been witnessing investments and capex spend from the front-end players. These developments will lead to additional investments in back-end test in subsequent quarters thereby expanding the Group's addressable market. AEM will continue to invest in R&D and capitalise on global trends such as 5G, edge computing, AI, and vehicle electrification, along with the increase in heterogenous packaging to deliver highly differentiated test solutions to increase the Group's market share globally.

In addition, the Group has also made significant progress in its technical engagements with top tier semiconductor companies and expects meaningful revenue contribution from these engagements in 2H2022 and beyond.

AEM believes that the way forward is to embrace innovation and develop its technologies regularly to address the needs of our customers.

BOARD OF DIRECTORS

Loke Wai San
Non-Executive Chairman & Director

Loh Kin Wah
Independent Director

James Toh Ban Leng
Lead Independent Director

Lavi Alexander Lev*
Independent Director

Chok Yean Hung
Non-Executive Director

Tham Min Yew
Non-Executive Director

Chou Yen Ning @ Alice Lin
Independent Director

CHIEF EXECUTIVE OFFICER

Chandran Nair

AUDIT & RISK MANAGEMENT COMMITTEE

Chou Yen Ning @ Alice Lin (Chairman)

Chok Yean Hung

James Toh Ban Leng

REMUNERATION COMMITTEE

James Toh Ban Leng (Chairman)

Loh Kin Wah

Tham Min Yew

NOMINATING COMMITTEE

Lavi Alexander Lev (Chairman)

James Toh Ban Leng

Loke Wai San

Tham Min Yew

Loh Kin Wah

STRATEGY COMMITTEE

Loke Wai San (Chairman)

Loh Kin Wah

Lavi Alexander Lev

Chok Yean Hung

Tham Min Yew

JOINT COMPANY SECRETARIES

Leong Sook Han

Kevin Cho Form Po

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Singapore 098632

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner-in-charge
Yeo Lik Khim
Since Financial Year 2021

PRINCIPAL BANKERS

Malayan Banking Berhad, Singapore Branch

Overseas-Chinese Banking Corporation Limited

* *retires from AEM's Board of Directors at the conclusion of the 2022 Annual General Meeting*

DRIVING OUR GROWTH

The Board of Directors ("**Board**") of AEM Holdings Ltd. (the "**Company**" or together with its subsidiaries, the "**Group**") are committed to maintaining a high standard of corporate governance which is essential to ensure greater transparency and protection of shareholders' interests. This report outlines the main corporate governance practices that were in place during the year with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"). To the extent where any provisions have not been fully complied with, appropriate explanations have provided in the relevant sections.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provisions of the Code	*Group's Corporate Governance practices*
1.1 Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	As at the date of this report, there are 7 Directors on the Board which comprises a Non-Executive Chairman, two Non-Executive Directors and four Non-Executive Independent Directors ("**Independent Directors**"). The Board is entrusted with and committed to, oversight of the business performance and business affairs of the Group, sets appropriate tone-from-the-top and desired organisational culture and Code of Conduct and Ethics, ensures proper accountability within the Group and seeks to ensure that obligations to shareholders and other stakeholders are understood and met. The primary functions of the Board are as follows: (a) provide entrepreneurial leadership, set strategic objectives, which include appropriate focus on value creation, innovation and sustainability; (b) ensure necessary resources are in place for the Company to meet its strategic objectives; (c) oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; (d) review annual budgets, financial plans, major acquisitions and divestments, funding and investment proposals; (e) monitor the financial performance of the Group and Management's performance; (f) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met; (g) consider sustainability issues such as environmental and social factors as part of its strategic formulation; and (h) ensure transparency and accountability to key stakeholder groups. To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures whereby Directors are required to promptly declare any conflict of interest at a meeting of the Directors, or by written notification to the company secretary ("**Company Secretary**") and they are required to take such action as and when it is necessary to effectively resolve the conflict (for instance recusing themselves by refraining from participating in meetings or discussions and by abstaining from voting, on any matter in which they are interested or conflicted). The Company has established procedures for all interested person transactions to be reviewed and approved by the Audit and Risk Management Committee on a quarterly basis and to ensure that these transactions are conducted on an arm's length basis. The Board also deliberates and makes decisions on material acquisitions and disposals of investments and assets, corporate restructuring, funding, dividend payments and other matters such as those that may involve a conflict of interest.
1.2 Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	The Company has in place an orientation programme to familiarise new directors with the Company's structure and organisation, businesses and governance policies. The Company is responsible for arranging and funding the training of Directors. The Directors are provided with updates on the relevant laws, financial reporting standards, Listing Rules of the SGX-ST, and relevant codes and regulations to enable them to make informed decisions. Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors ("**SID**"), Singapore Exchange Limited, business and financial institutions, and consultants.

Provisions of the Code	*Group's Corporate Governance practices*
1.3 *The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.*	The Group has in place detailed guidelines that set forth all the matters reserved for the Board's decision and which provide Management with clear directions on the matters that require the prior approval of the Board, such as financial authorisation limits for operating and capital expenditure and other matters that fall outside the annually approved budgets, the drawing down or obtaining of credit lines and the acquisition and disposal of material assets and investments.
1.4 *Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*	To efficiently discharge its responsibilities, the Board has established several board committees, namely the Audit and Risk Management Committee ("**ARC**"), the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Strategy Committee ("**SC**") (collectively "**Board Committees**"). These Board Committees are given specific responsibilities and are empowered to deal with matters within the limits of the authority set out in the terms of reference of their appointments. They assist the Board operationally without the Board losing authority over major issues. The Strategy Committee was formed in April 2020. It is chaired by Mr. Loke Wai San and its members are Mr. Loh Kin Wah, Mr. Lavi Alexander Lev, Mr. Chok Yean Hung and Mr. Tham Min Yew. The Strategy Committee has oversight responsibilities in (a) the development of the long-term strategic plan (b) the improvement and enhancement of the decision-making process relating to investment, and (c) the review of major investments and strategic initiatives.
1.5 *Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*	The Board conducts regular scheduled meetings during the year and ad-hoc meetings, including teleconferencing meetings, are convened when circumstances require. The number of scheduled meetings held by the Board and Board Committees during the year were: • Board 4 • Audit and Risk Management Committee 4 • Remuneration Committee 3 • Nominating Committee 1 • Strategy Committee 3 Please refer to ***Table 1 – Attendance at Board, Board Committee meetings*** and general meetings at the "Other Corporate Governance Matters" section. The meeting schedule for the Board and each of the Board Committees is firmed up before the end of each financial year for the following year so that all Directors can arrange their schedules accordingly. If Directors are unable to attend any meeting, valid reasons are required to be provided. If any Director's attendance falls below 75%, his/her performance shall be critically reviewed by the Nominating Committee. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his/her attendance at the general meetings and at meetings of the Board and/or the Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice and experience with other Directors and the Company's Management, and strategic networking relationships which would further the interests of the Company.
1.6 *Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*	Directors are regularly updated by Management on developments within the Group. The Board is provided with timely and adequate information, prior to Board meetings and whenever necessary. Detailed papers are circulated as necessary for items requiring the Board's approval. The Management also provides Directors with quarterly updates on the Group's financial performance, with material variances between the comparative periods explained. Where the Board's or a Committee's approval is sought, relevant background and explanatory information on the specific matter is provided to enable Directors to understand the issues and to request for further information, as necessary.
1.7 *Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*	The Board has separate and independent access to Management and the Joint Company Secretaries at all times. The Joint Company Secretaries are present at the Board and Board Committees' meetings as required by the Board. They are responsible for ensuring that Board procedures and applicable rules and regulations are complied with and advising and providing guidance and updates on best practices of corporate governance, administrative, legal and regulatory compliance matters. The appointment and removal of the Joint Company Secretaries are decisions taken by the Board as a whole. The Board may seek and obtain independent professional advice at the Company's expense, if necessary, to fulfill and discharge their duties and responsibilities as Directors.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provisions of the Code	*Group's Corporate Governance practices*
2.1 An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. *2.2 Independent Directors make up a majority of the Board where the Chairman is not independent.* *2.3 Non-executive directors make up a majority of the Board.*	The Company believes that there should be a strong and independent element in the Board to exercise objective judgment on corporate affairs. Mr. Basil Chan and Mr. Adrian Chan Pengee, who have both served on the Board for more than nine years, have stepped down as Independent Directors with effect from 11.59 p.m. on 31 December 2021 for board renewal purposes. Mr. Lavi Alexander Lev will not seek re-election and will be retiring from the Board at the conclusion of the 2022 Annual General Meeting. As part of the Board renewal process, the Board, based on NC's recommendation, approved the re-designation of Mr. James Toh Ban Leng as Independent Director from Non-Executive, Non-Independent Director on 1 January 2022. The composition of the Board and Board Committees has also been reconstituted with effect from 1 January 2022: ● Ms. Chou Yen Ning @ Alice Lin was appointed as Chairman of the ARC; ● Mr. Chok Yean Hung was appointed as Member of the ARC; ● Mr. Lavi Alexander Lev was appointed as Chairman of the NC; ● Mr. James Toh Ban Leng was appointed as the Lead Independent Director and Member of the NC and Chairman of the RC; and ● Mr. Loh Kin Wah and Mr. Tham Min Yew were appointed as Members of the RC. A majority (four out of seven) of the Board members are Independent Directors. Mr. James Toh, Mr. Loh Kin Wah, Mr. Lavi Alexander Lev and Ms. Chou Yen Ning @ Alice Lin are considered independent as they have no relationship with the Company, its related corporations, substantial shareholders or Management that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment in the best interests of the Company. Please refer to the section entitled "Board of Directors" of the Annual Report for further details on the Directors. The Non-Executive Directors and Independent Directors have at least four regular meetings with Management to keep abreast of the Group's business, financial performance, and strategy plans. The Board members with majority being Non-Executive Directors including Independent Directors have been actively participating in discussions and decision-making at the Board and the Board Committees' levels and had open discussions with Management. Management regularly puts up proposals or reports for the Board's consideration and approval, for instance, proposals relating to specific transactions or general business direction or strategy of the Group. The Non-Executive Directors and Independent Directors will then evaluate these proposals or reports and where appropriate, provide guidance to Management.
2.4 The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The Board comprises Directors who have broad and complementary skills to serve AEM's global business objectives and governance standards. The Directors have the relevant qualifications, experience and knowledge in various fields including technology, law, accounting, finance, mergers and acquisitions, strategic planning, and management to meet the goals of the Company in the global semiconductor industry. The Board constantly reviews the adequacy of the board size taking into consideration the size and operations of the Group. The Company has a Board diversity policy that takes into consideration criteria such as qualification, age, gender, experience, and expertise in various fields, in the relevant industry. The Board believes this approach reflects an appropriate balance between delivering business performance, growing shareholder returns, and progressing diversity. The Board recognises the importance and value of gender diversity in the composition of the Board. With the appointment of Chou Yen Ning @ Alice Lin as Director in 2021, there is currently one female Director on the Board. Gender diversity is recognised by the Board as an essential aspect of a well-balanced Board. The Company will continue to enhance diversity on the Board's composition. When making recommendations to the Board for the appointment of a director, the NC will ensure that: ● female candidates are included for consideration; and ● the requirement to present female candidates will be made known where external consultants are used for the search. The NC adopts a deliberate and targeted board renewal process. It proactively assesses the AEM Board's composition needs and uses it as an objective criterion for candidate selection. The final decision is based on merit, to complement and expand the skills and experience of the Board as a whole.

Provisions of the Code	*Group's Corporate Governance practices*
2.5 Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The Independent Directors meet regularly without the presence of Management to ensure that Board matters can be effectively discussed independently from Management as and when necessary. The outcome or suggestion arising from such meetings will be provided to the Non-Executive Chairman.

PRINCIPLE 3: NON-EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions of the Code	*Group's Corporate Governance practices*
*3.1 The Chairman and the Chief Executive Officer ("**CEO**") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*	The Non-Executive Chairman and the Chief Executive Officer ("**CEO**") are separate persons to ensure an appropriate balance and separation of power, increased accountability, and greater capacity of the Board for independent decision making. The division of responsibilities between the Non-Executive Chairman and the CEO are clearly demarcated. Having clarity of their respective responsibilities and separating the respective roles avoids concentration of power, ensures a degree of check and balances, increases accountability and ensure greater capacity of the Board for independent decision making. The Board has put in place a Terms of Reference of the Non-Executive Chairman, CEO and Lead Independent Director. It clearly spells out their key roles and responsibilities.
3.2 The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	The Non-Executive Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the Management team on strategic, business and other key issues pertinent to the business. The Non-Executive Chairman is responsible for ensuring that the Board engages the CEO and his Management team in constructive discussion and implementation of the Group's business strategies, corporate governance policies, corporate strategies, financial objectives and directions for the Group and for ensuring the Board's effectiveness to facilitate and ensure effective contribution from all the Directors and to encourage constructive relations between the Directors, the Board and Management to realise a common vision for the Group. The CEO leads the development of the Group's business and operational strategies, oversees the implementation of the Group's long and short-term plans in accordance with its strategies, ensures the Group is properly organised and staffed, assesses, and monitors the principal risks of the Group and ensures effective internal controls and risk management systems are in place.
3.3 The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	Mr. James Toh Ban Leng is the Lead Independent Director of the Company. The Lead Independent Director acts as a facilitative role within the Board, and where necessary, he would be available to address shareholders where they have concerns for which contact through normal channels such as the Chairman, CEO or Management are inappropriate or inadequate. The Lead Independent Director also has the authority to call and lead meetings of the Independent Directors when necessary and appropriate and to provide feedback to the Chairman after such meetings.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions of the Code	*Group's Corporate Governance practices*
*4.1 The Board establishes a Nominating Committee ("**NC**") to make recommendations to the Board on relevant matters relating to:*	The Company believes that Board renewal is essential to ensure good corporate governance as well as to maintain relevance to the changing needs of the Group's business. The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors and selection of new Directors.
(a) the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel,	The Board understands the importance of succession planning as part of corporate governance. Board membership will be reviewed and refreshed in a progressive manner to avoid disruption to the institutional memory. The NC also reviews succession and development plans for Key Management Personnel in line with the Company's succession planning policy.
(b) the process and criteria for evaluation of the performance of the Board, its Board committees and directors,	The structure, size and composition of the Board are reviewed periodically by the NC to ensure their relevance. The NC takes into consideration factors such as the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The NC evaluates the Board's effectiveness as a whole, including the contribution of the Board Committees and of each Director to the effectiveness of the Board. The Board has adopted a system of evaluating the effectiveness of the Board's, Board Committees' and individual Director's performance, through principally a self-assessment process.
(c) the review of training and professional development programmes for the Board and its directors, and	The NC reviews the skill, training and professional development needs and programs for the Board and its Directors regularly to ensure that the Directors possess the required skills and knowledge to function as an effective Board.
(d) the appointment and re-appointment of directors (including alternate directors, if any).	The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. When the need for a new Director arises, the NC, in consultation with the Board, evaluates and determines the selection criteria for the appointment of new Directors collectively, by taking into account their skills, experience, contribution to the Board diversity as well as industry knowledge. The NC seeks potential candidates beyond the recommendation of Directors and Management and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary. The NC also oversees the process of Directors' re-appointment, after giving due regard to the Director's contributions and performance (such as contribution, participation and attendance). The Constitution of the Company currently requires one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting ("**AGM**"). All Directors of the Company, including the Non-Executive Chairman, shall retire from office at least once every three years. The Constitution of the Company also provides that a newly appointed Director must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-elected at least once every three years. A Director who is due for retirement, shall abstain from voting on any resolution in respect of his/her re-nomination as a Director.
4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	The NC comprises five Directors, a majority of whom are non-executive and independent. The Chairman is an Independent Director and is not directly associated with any substantial shareholder of the Company. The NC comprises the following members: ● Lavi Alexander Lev — Chairman ● James Toh Ban Leng — Member ● Loke Wai San — Member ● Tham Min Yew — Member ● Loh Kin Wah — Member
4.3 The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	Please refer to Principle 4.1(d) above.

Provisions of the Code	*Group's Corporate Governance practices*
4.4 The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	The NC is responsible for reviewing the independence of each Director based on the provisions set out in the Code. The Board conducts the review annually and requires each Independent Director to confirm annually, that there are no material relationships which would render him/her non-independent. Each Independent Director is given an independence declaration form each year under which he/she is asked to assess his/her own independence, with specific references to the relevant provisions in the Listing Rules, the Code, and its accompanying Practice Guide. The NC has reviewed and is satisfied with the independence of the Independent Directors. Currently, the Company does not have any alternate director.
4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	An orientation program to better understand the Director's duties and the Company's business is conducted for newly appointed Directors. All Directors are required to declare their board representations. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Board, with the concurrence of the NC, has set a guideline of not more than 6 listed board representations by the Directors of the Company so that sufficient time and attention can be given to the affairs of the Company.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board committees and individual Directors.

Provisions of the Code	*Group's Corporate Governance practices*
5.1 The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	The NC periodically reviews the Board's performance and its ability to steer the Group in the right direction. It has adopted a system of evaluating the effectiveness of the Board and Board Committees as well as individual Director's performance, through principally a self-assessment process on factors such as size, skills, expertise and communications of the Board and its ability to account, provide oversight and guide the Company. The completed evaluation forms were submitted to the Joint Company Secretary for collation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board, Board Committees and individual Directors. Following the review, the Board is of the view that the Board and Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board.
5.2 The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	The NC evaluates the individual Director's performance through a process that would enable the members of the NC to assess the contribution of each individual to the effectiveness of the Board, taking into account numerous factors, including the Directors' attendance, participation and contribution at the Board and various Board Committees meetings. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where appropriate, the NC will consider such engagement.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions of the Code	*Group's Corporate Governance practices*
*6.1 The Board establishes a Remuneration Committee ("**RC**") to review and make recommendations to the Board on:* *(a) a framework of remuneration for the Board and key management personnel; and* *(b) the specific remuneration packages for each director as well as for the key management personnel.*	The Company believes in adopting a formal and transparent procedure for determining the remuneration of the Directors and Key Management Personnel to ensure that the level of remuneration is appropriate to attract, retain and motivate the Directors and Key Management Personnel to run the Group successfully. In summary, AEM's remuneration policies for Executive Directors and Key Management Personnel are based on the following principles:

Philosophy	Principles
Shareholder & Business Alignment	● Build **sustainable value in alignment** with shareholder interests ● Attract and **retain** key talents to build a world class organisational capability ● A **cost-effective** compensation system in line with the Company's strategic goals ● Create an **ownership** mindset for the long-term success of the Company
Motivate Right Behaviours	● **Pay for performance** – align, differentiate and balance rewards according to country, business units and individual performance ● Strengthen **line-of-sight** linking rewards and performance goals ● **Robust target setting** taking into account shareholder expectations over foreseeable performance horizon and commensurate with reward levels ● Foster Group-wide interests to **drive Group performance**
Fair, Appropriate and Effective Implementation	● Maintain **rigorous corporate governance standards** ● Exercise appropriate **flexibility** to meet strategic business needs and practical implementation considerations ● Facilitate **employee understanding** to maximise the value of the remuneration programs ● Disclose **relationships between remuneration, performance and value creation for shareholders and other stakeholders**

6.2 The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The RC comprises three Non-Executive Directors, of whom two (including the RC Chairman) are independent. The RC comprises the following members: ● James Toh Ban Leng — Chairman ● Loh Kin Wah — Member ● Tham Min Yew — Member

Provisions of the Code	*Group's Corporate Governance practices*
6.3 *The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.* 6.4 *The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*	The RC is principally responsible for overseeing, reviewing and recommending to the Board: (i) the remuneration framework for Directors and Key Management Personnel, taking into consideration and benchmarking against the compensation and employment conditions within the industry and with comparable companies, with a goal to motivate, recruit and retain employees. The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of share awards and incentives of Executive Directors (if any) and Key Management Personnel to provide a fair system and rewards based on performance. The RC has direct access to the Company's Head of Human Resources should they have any queries on human resource matters. In discharging its responsibilities, the RC considers all aspects of remuneration and performs benchmarking against comparable market data. As and when required, the RC and the Company may engage independent consultants for diversified views and specific expertise to ensure that the remuneration and welfare packages for employees are competitive and sufficient to ensure that the interests of the employees and Company are taken care of. The Company has engaged an independent external consultant, Willis Towers Watson to perform a review on the share-based incentive schemes and to benchmark the appropriate remuneration for a Non-Executive Chairman with an active role in the affairs of the company. The consultant is not related to the Company or any of its Directors. (ii) to review the Employee Share Option Scheme, the Performance Share Plan and such other incentive schemes as may be approved by the Board and the shareholders from time to time. For any such schemes, it shall determine each year, whether awards will be made, and if so, the overall amount of such awards, the individual awards to eligible persons and the performance targets to be used; and (iii) to review the Group's obligations in the event of the termination of Executive Directors and Key Management Personnel contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses, which are not overly generous. No Director is involved in any discussion relating to his/her own compensation and the terms and conditions of service and the review of his/her performance. There were no termination, retirement and post-employment benefits granted to the Directors, the CEO and the Key Management Personnel in FY2021.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions of the Code	*Group's Corporate Governance practices*
7.1 *A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.*	The Company adopts a remuneration framework that is responsive to the market conditions and performance of the Group. It is structured to link a significant proportion of the rewards to the Group's and each individual's performance and value creation for the Company's stakeholders. The grant of performance shares and share options promotes ownership and accountability for the long-term success of the Company. The RC carries out annual reviews of the remuneration packages of the Executive Directors (if any) and the Key Management Personnel, with regard to their contributions as well as the financial and non-financial performance of the Company. The remuneration structure for the Executive Directors (if any) and the Key Management Personnel comprises the following components: **Fixed Component ("Salary")** The fixed component comprises annual base salary and, in the case of the Key Management Personnel, certain fixed cash allowances. The fixed components are benchmarked to comparable positions in the market and reflect the market worth of the positions. **Performance Bonus (Annual Cash Incentive)** The variable bonus is in the form of a Performance Target Bonus ("**PTB**") plan for the CEO position. A Target Individual Annual Bonus based on a multiple of the annual base salary is determined and is adjusted by the Company and individual performance scorecard achievement factors ranging from 0% to 200% are used to determine the Actual Individual Annual Bonus. Achievement factors are subject to RC moderation taking into account the context within which performance is delivered.

Provisions of the Code	*Group's Corporate Governance practices*
	For other Key Management Personnel, the Board initially decides the incentive funding for the Company based on the Company's results. The pool is then allocated to the Key Management Personnel based on their individual contribution, assessed based on Objectives and Key Results ("**OKR**") achievement. The CEO and other Key Management Personnel also received an Annual Wage Supplement ("**AWS**") equivalent to 1 month of base salary. **Equity Incentive** **(A) Share Option Plan ("SOP")** For the CEO, a share option grant was made in FY2020 which vests 1/3 per annum over 3 years commencing on the 1st anniversary of the Date of Grant and can be exercised up to the end of the contractual life of 10 years from the Date of Grant. **(B) Performance Share Award ("PSA")** For the CEO and Chief Technology Officer ("**CTO**"), a PSA was awarded during the year under review. The PSA will vest rateably over three years on 1 April, with the first vesting occurring on 1 April 2022. Further details on the equity incentive plans are in the Directors' Statement section. In addition to the above total compensation structure, the Company also offers standard market benefits.
7.2 The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	The RC reviews Non-Executive Directors' fees annually and makes recommendations to the Board and shareholders for endorsement and approval at Annual General Meetings, respectively. Under the current remuneration framework, Non-Executive Directors with additional duties as members or Chairman of Board Committees would be remunerated based on a fee structure. In the financial year ended 31 December 2021 ("**FY2021**"), the Non-Executive Directors were paid a basic yearly retainer fee of S$60,000 for their appointment as members of the Board. The Chairman of the Audit and Risk Management Committee was paid an annual fee of S$24,000 while the Chairman of the Nominating Committee, Remuneration Committee and Strategy Committee was paid an annual fee of S$8,000 respectively. The members of the Audit and Risk Management Committee were paid annual fees of S$12,000 each while the members of Nominating Committee, Remuneration Committee and Strategy Committee were paid annual fees of S$4,000 each. The Lead Independent Director was paid S$8,000. Executive Directors (if any) are not entitled to director fees. For the financial year ending 31 December 2022, it is proposed that aggregate fees of S$860,000 (2021: S$648,000) be paid to Directors, subject to approval at the AGM. The remuneration framework for Directors' fees for the financial year ending 31 December 2022 remains unchanged from that for FY2021 except that with effect from 1 January 2022, the Chairman of the Board will receive an all-in Chairman's fee of S$343,000, which explains the slight increase in Directors' fees. In 2021, the RC reviewed and updated the Directors' fee framework to adopt a new FY2022 all-in Chairman's fee, based on market benchmarks of the ratios of all-in active Chairman's fees relative to the average Non-Executive Directors' fee of relevant listed companies in Singapore, provided by the external consultant, Willis Towers Watson. In arriving at the proposed fee of S$343,000 for the Chairman, the Board (at the recommendation of the RC, with the Chairman abstaining from the Board's deliberations), took into account (inter alia) the greater commitment required of the Chairman in spending time outside regular Board and Board Committee meetings to guide and provide oversight to the Company and its Management, the increased amount of time the Chairman spends on the Company's matters, including input and guidance on strategic issues as well as supporting Management in maintaining communications with stakeholders, the familiarity which the Chairman has with Management and their work and development and the Directors' fee structure in comparable listed companies in Singapore that have chairmen with similar roles and responsibilities. With the introduction of the new all-in Chairman's fee, the Chairman will not receive the Directors' basic yearly retainer fee, nor any further fees or allowances for serving as a Chairman or member of any Board Committees

Provisions of the Code	*Group's Corporate Governance practices*
7.3. Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The remuneration framework for fixing Directors' fee and the Key Management Personnel remuneration adopted by the Company takes into consideration the need to pay competitively to attract, retain and motivate the Non-Executive Directors and the Management staff whilst ensuring that the Independent Directors are not over-compensated to the extent that their independence may be compromised. The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors (if any) and Key Management Personnel as the Executive Directors (if any) and Key Management Personnel owe a fiduciary duty to the Company. In exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company, the Board believes that remedies against the Executive Directors and Key Management Personnel in case of such breach of fiduciary duties will be available.

PRINCPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions of the Code	*Group's Corporate Governance practices*
8.1 The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: *(a) each individual director and the CEO; and* *(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.*	Please refer to Principle 7.1 to 7.3. The Board has, on review, decided to disclose the remuneration of Key Management Personnel (who are not Directors or CEO of the Company) in remuneration bands of S$250,000 and by a percentage breakdown in terms of categories and components, instead of disclosing the exact remuneration, given the competitive pressures in a specialised industry, potential for poaching of staff and other disadvantages that this might bring. The remuneration and breakdown of the gross remuneration (inclusive of the fair value of performance shares and share options for the financial year under review) in absolute amounts for the Non-Executive Chairman, Non-Executive Directors, and CEO for FY2021 are set out in Table 2 entitled "Directors and CEO Remuneration Breakdown". The remuneration bands and breakdown of the gross remuneration (inclusive of the fair value of performance shares and share options for the financial year under review) of the Key Management Personnel of the Company (in percentage terms) for FY2021 are disclosed in Table 3 entitled "Key Management Personnel Remuneration Breakdown". The share option and performance share costs are based on fair value recognised over the respective vesting periods as disclosed in the footnotes under Table 2 and Table 3.
8.2 The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	There is no employee who is a substantial shareholder of the Company or immediate family member of any of the Directors, CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year.
8.3 The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key Management personnel of the company. It also discloses details of employee share schemes.	During FY2021, the Company issued share options under the AEM Holdings Employee Share Option Scheme 2014 and performance shares under the AEM Performance Share Plan 2017 ("**PSP 2017**") to Directors and employees of the Company. There were 258,770* performance shares granted on 18 June 2021 and 285,200** performance shares that will be granted on 25 February 2022 in respect of FY2021. * Granted to CEO and CTO and vests annually rateably over three years on 1 April, with the first vesting occurring on 1 April 2022, following which it will be released by way of transfer of treasury shares of the Company. ** Granted to employees of the Group including Key Management Personnel and vests one year after grant date provided in service or such other date as may be determined by the Directors administering the PSP 2017, following which it will be released by way of transfer of treasury shares of the Company.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions of the Code	*Group's Corporate Governance practices*
9.1 *The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*	Risk management forms an integral part of business management. The Group's risk and control framework is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness, and safeguard of assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosures. It makes Management responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks.

A framework has been established and the Board continues through the ARC and Management, to improve and enhance it on a continuing basis. The system of operational, financial, compliance and information technology internal controls established by the Company provides reasonable, but not absolute, assurance that the Company's assets and investments are safeguarded. The likelihood of achieving the internal control objectives is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The following sets out an overview of the key risks faced by the Company, the nature and the extent of the Group's exposure to these risks and the approach to managing these risks.

(i) Compliance risk

The Group operates in Asia, Europe and North and Central Americas and is therefore exposed to changes in government regulations and any unfavourable political development which may limit the realisation of business opportunities and investments in these countries. In addition, the Group's business operations are exposed to economic uncertainties that affect the global economy and international capital markets. Although such risks are beyond the Company's control, the Board and Management consistently keep themselves abreast with the changes in political, economic, and industrial developments so as to be able to anticipate or respond to any adverse changes in market conditions in a timely manner.

(ii) Operational risk

The Group's operating risk is managed at each operating unit and monitored at the Group level. The operating risks of the Group include loss of skilled and key staff, product quality problems, lack of material supplies, loss of physical assets, customer concentration, safety, and health issues. As operational risk cannot be eliminated completely, the Group balances between the cost of the risks occurring and the cost of managing the risks. The Group maintains insurance coverage on its property, plant and equipment and assets to minimise the risk of losses arising from natural calamity, accident, fire and theft. The Group has established operating systems and procedures to govern its business operations, which are subject to close supervision by managers. The Group has a few business divisions operating in different locations, thereby providing diversification from over-reliance on a particular product, business or customer.

(iii) Financial risk

The Group's financial risks include credit, foreign exchange, interest rate, liquidity and derivative financial instrument risk. The management objectives and policies on these risks are included in the Notes to the Financial Statements of the Annual Report.

(iv) Investment risk

Investments, major acquisitions, and disposals are undertaken only after extensive due diligence and risk/benefit analysis. Such investments, acquisitions and disposals must be in line with the Group's strategies. All investment proposals must be evaluated and must meet the minimum hurdle rate determined by the Group. All investments, major acquisitions and disposals are tabled and recommended for the Board's approval.

(v) Information technology ("**IT**") risk

IT risk includes breakdown, disruption, viruses, scams and malicious attacks on its infrastructure, application systems, hardware and network. The Group has in place the necessary and up-to-date IT controls, maintenance and monitoring methodologies. A structured way of implementing and testing new software and applications is adopted to ensure requirements and specifications are met. Appropriate measures are put in place to safeguard against data security and loss of information so as to ensure business continuity.

Provisions of the Code	*Group's Corporate Governance practices*
9.2 *The Board requires and discloses in the company's annual report that it has received assurance from:* *(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and* *(B) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.*	The Board has received assurance from the current CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and regarding the effectiveness of the Company's risk management and internal control systems. In addition, the current CEO and CFO have given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks. The risk management and internal control procedures for financial, operational, compliance and information technology and their effectiveness and adequacy are reviewed by the ARC and the Board and updated regularly to reflect changes in market conditions and the activities of the Group. Based on the work carried out by the internal auditors, the reviews undertaken by the external auditors and representations made by the Management to the Board that internal controls are in place, the Board is of the opinion (with the concurrence of the ARC) that there are adequate and effective internal controls and risk management systems in place to help mitigate the critical and significant risks in the following areas: Financial, Operational, Compliance and Information Technology Risks.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions of the Code	*Group's Corporate Governance practices*
10.1 *The duties of the AC include:* *(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;* *(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;* *(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;* *(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;* *(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and* *(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.*	The ARC performs the following main functions: (i) Reviews the financial information provided by the Group, in particular the relevance and consistency of the accounting standards used by the Group. (ii) Reviews disclosures in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and financial-related risks and controls, including assurances received from the CEO and CFO or other Key Management Personnel, and concurrences received from the ARC. (iii) Reviews the Company's overall risk assessment processes and reviews the assurance provided by the CEO and CFO that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances. (iv) Reviews and approves the audit plans, taking into consideration independence, effectiveness, scope of work, remuneration and terms of engagement of the internal and external auditors and adequacy and effectiveness of the internal and external auditors. (v) Nominates the external auditors for appointment or re-appointment and reviews the level of audit fees, cost effectiveness of the audit and the independence and objectivity of the external auditors. (vi) Reviews the effectiveness of the internal controls, risk management systems, findings of the internal and external auditors and the responses and follow-up actions from Management. (vii) Reviews the half yearly and full year announcements and the financial statements of the Group and of the Company, management representation letter as well as the auditors' report thereon before they are submitted to the Board for approval. (viii) Reviews the requirements for approval and disclosure of interested person transactions. (ix) Investigates any matters reported to the ARC about improprieties in matters of financial reporting or other matters within its terms of reference. (x) Reviews and approves the corporate governance and control policies of the Group. (xi) Advises the Board on the Company's overall risk tolerance and strategy. (xii) Oversees and advises the Board on the current risk exposures and future risk strategy of the Company. The role of the ARC in relation to financial reporting is to monitor the integrity of the half-yearly and full year financial statements. The ARC considers whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

Provisions of the Code	*Group's Corporate Governance practices*
	The ARC has conducted an annual review of the amount of non-audit services provided by the external auditors and satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board. A breakdown of the fees in total for audit and non-audit services is set out in the notes to the financial statement. In addition, the ARC has reviewed the adequacy of the resources, experience of the external auditors and of the audit engagement partner assigned to the audit. The ARC is satisfied that the external auditors are able to meet their audit obligations and has recommended the re-appointment of the external auditors at the forthcoming AGM of the Company. The Company has put in place a Whistle-Blowing policy and guidelines, endorsed by the ARC, where employees of the Group, may in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters relating to the Group and its employees, to the Board of Directors through the Joint Company Secretaries. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow-up action and provides assurance that employees will be protected from reprisal within the limits of the law. Details of the Whistle-Blowing policy and guidelines have been made available to all employees of the Group and published on the Company's website for ease of reference by various stakeholders for raising concerns. The ARC is responsible for oversight and monitoring of whistle-blowing. The ARC is given full access to Management and receives its full cooperation. The ARC has full discretion to invite any Director or Executive Officer to attend its meetings. It has full access to records, resources and personnel to enable it to discharge its functions properly. For FY2021, the Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual issued by the SGX-ST in relation to the appointment of the auditing firms.
10.2 *The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*	The ARC comprises three members, all non-executive, and a majority of its members are independent including the Chairman. These members are suitably qualified and possess relevant accounting and/or related financial management expertise or experience for effective discharge of their responsibilities as members of the ARC. The ARC comprises the following members: • Chou Yen Ning @ Alice Lin — Chairman • Chok Yean Hung — Member • James Toh Ban Leng — Member
10.3 *The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.*	No former partner or director of the Company's existing auditing firm or audit corporation is a member of the ARC.
10.4 *The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*	The ARC approves the appointment, removal, evaluation, and fees of the outsourced internal audit function. The Group outsourced its internal audit function to independent professional firms, RSM Risk Advisory Pte Ltd and BDO Advisory Pte Ltd, to provide internal audit services, as recommended by the ARC. The internal auditors report directly to the ARC on internal audit matters and to the CFO on administrative matters. The internal auditors have unfettered access to the ARC, the Company's documents, records, and personnel. The ARC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the external auditors and their independence of the areas reviewed. RSM Risk Advisory Pte Ltd and BDO Advisory Pte Ltd are corporate members of the Institute of Internal Auditors Singapore and staffed with professionals with relevant qualifications and experience. The ARC reviews the independence, adequacy, and effectiveness of the internal audit function annually. The ARC is satisfied that the internal auditor is independent and effective, and the internal auditor is adequately resourced and has the appropriate standing within the Company.

Provisions of the Code	*Group's Corporate Governance practices*
10.5 *The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*	The ARC meets with the internal and external auditors without the presence of Management at least once a year in order to have free and unfiltered access to information it may require. Following discussions with Management, external and internal auditors, the ARC has determined that the following areas are the key risks of misstatement of the Group's financial statements:

Significant matters	**How the ARC reviewed these matters and what decisions were made**
Valuation of inventories	The ARC recognises that the Group manufactures highly customised inventories based on both committed orders and estimated future demand. To assess and ascertain the carrying amounts of the inventories measured at the lower of cost and net realisable value, the ARC reviewed the accuracy in the inventory count, costing methodologies adopted by the Group, the ageing of the various classes of inventories and obtained assurance from the Management that detailed impairment testing had been undertaken using appropriate methodologies and assumptions. As a result of the above procedures, the ARC was satisfied that the correct accounting treatment had been adopted and consistently applied in the inventories valuation to ensure that the provision for inventory obsolescence was sufficient, and that the carrying amounts of the inventories were recorded lower than its net realisable value.
Impairment of goodwill	The ARC recognises that goodwill is tested for impairment annually by comparing the carrying value against estimated recoverable amount of cash-generating units ("**CGUs**"). Recoverable amount is the higher of a CGU's fair value less costs of disposal and its value-in-use. The recoverable amount of the CGUs was estimated by applying the value-in-use (discounted cash flow) method. The ARC held discussions with Management and the external auditors to review the appropriateness of the CGUs identified and the reasonableness of the key inputs and assumptions applied by the Management in the cash flow projections, taking into consideration the historical and expected performance and trend of the CGUs As a result of the above procedures, the ARC was satisfied that the correct accounting treatment had been adopted and consistently applied in the accounting for goodwill.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions of the Code	*Group's Corporate Governance practices*
11.1 *The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*	The Group encourages active shareholder participation at the general meetings of the Company. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars. These circulars and notices are published on the Company's corporate website and posted onto the SGXNET. Shareholders are encouraged to attend the general meetings and given the opportunity to participate effectively and vote for resolutions to be passed at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.
11.2 *The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*	Resolutions at general meetings are each on separate issues. The resolutions at the general meetings are single item resolutions. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of general meeting. All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET and the Company's corporate website.

Provisions of the Code	*Group's Corporate Governance practices*
11.3 *All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the Company's annual report.*	The Non-Executive Chairman, Directors and the Chairmen of the various Board Committees of the Company are present at each shareholders' meeting to respond to questions from shareholders. Please refer to Table 1 – Attendance at Board, and Board Committee Meetings and general meetings. The external auditors are also present to address shareholders' queries in relation to the conduct of audit and the preparation and content of the external auditors' report. The responses from the Board and Management during the AGM or Extraordinary General Meeting, and such minutes are available on the Company's corporate website as soon as practicable.
11.4 *The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*	For greater transparency, the Company has implemented electronic poll voting since its 2019 AGM. Where shareholders are entitled to attend general meetings in person, they will be invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hand), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The voting results of all cast for, or against each resolution are then screened at the meeting and announced to SGX-ST after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. If any shareholder is unable to attend the meeting, the Company's constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. As the authentication of shareholder identity and other related security and integrity issues still remain a concern, the Company is in the process of reviewing to allow voting in absentia (such as via mail, or email). 2021 and 2022 AGMs In view of the COVID-19 situation in Singapore, the 2021 AGM was held via electronic means. The 2022 AGM will also be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holder) Order 2020 ("**Alternative Meeting Arrangements**"). Alternative Meeting Arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions prior to or (in respect of questions received after the cut-off time) at the AGM and voting by appointing the Chairman of the meeting as proxy at the AGM, will be put in place for the AGM.
11.5 *The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*	One of the Joint Company Secretaries prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available on the Company's corporate website and SGXNet as soon as practicable. Under the Alternative Meeting Arrangements, the minutes of the AGM will be uploaded to the Company's corporate website and SGXNet within one month from the date of the AGM. The Company may revert to comply with all the applicable provisions of Principle 11 after the Alternative Meeting Arrangements have ceased to be in force.
11.6 *The company has a dividend policy and communicates it to shareholders.*	In determining the dividends, the Board balances the need for a satisfactory return to shareholders against the Company's investment requirement to ensure sustainable growth in the future. Over the years, the Board has maintained a track record of generous shareholder distributions. The Company has established and announced a policy on payment of dividends of not less than 25% of the Company's consolidated profit after tax, excluding non-recurring, one-off and exceptional items, in respect of any financial year to its shareholders, subject to the Company's retained earnings, financial position, capital expenditure requirements, future expansion, investment plans and other relevant factors. The Board of Directors has proposed a final tax exempt (one-tier) dividend of 5.0 Singapore cents per ordinary share for FY2021, which is subject to the approval by shareholders at the forthcoming AGM of the Company. Including the interim dividend of 2.6 Singapore cents per ordinary share paid on 24 September 2021, the total dividend payout for FY2021 will amount to 7.6 Singapore cents (FY2020: 9.0 Singapore cents) per ordinary share (assuming that the proposed final tax exempt dividend is approved by the shareholders).

PRINCPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions of the Code	*Group's Corporate Governance practices*
12.1 The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	The Company adopts the practice of regularly communicating major developments in its business and operations through SGXNET and where appropriate also directly to shareholders, analysts, the media, and its employees. The announcements of the Group's results and material developments are released through SGXNET and the Company's website in a timely manner to ensure fair disclosure of information. The Company does not practise selective disclosure of material information, where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. The Board provides the shareholders a balanced and clear assessment of the Group's performance, financial position, and prospects on a quarterly basis. The Company releases its half yearly results and full year results to shareholders no later than 45 days and 60 days respectively after the relevant financial period with accompanied press release on its website and SGXNET. Briefings for analysts, with a PowerPoint presentation, are held in conjunction with the release of all results with the presence of the Non-Executive Chairman, CEO and CFO to address the relevant questions which analysts may have. The PowerPoint presentation and briefing for analysts are also posted on its website and SGXNET. The Company is committed to disclosing all relevant information as much as possible in a timely, fair and transparent manner as well as to hearing and addressing its stakeholders' concerns.
12.2 The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Group encourages feedback, views and participation of its shareholders at all general meetings and such feedback and views can be posted to investor. relations@aem.com.sg, or visit investor centre on the Company's website.
12.3 The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Company has put in place an Investor Relations policy to enhance effective communications and engagements with its investors and shareholders.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions of the Code	*Group's Corporate Governance practices*
13.1 The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Stakeholder relations are important for the sustainable growth of the Company's business and therefore the Company seeks to maintain an open and transparent dialogue with its material stakeholders. The Company engages its stakeholders regularly through the following channels to understand and address their needs and expectations.
13.2 The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	The Company has put in place a Stakeholder Engagement policy to enhance effective communications and engagements with its material stakeholders. More details of the Stakeholders Engagement policy can be found on the Company's corporate website at https://www.aem.com.sg/company.
13.3 The company maintains a current corporate website to communicate and engage with stakeholders.	The Company strives to build and maintain strong relationships based on trust and respect to all stakeholders including the investment community, employees, suppliers and trade customers, regulators and the broader community. The Company has arrangements in place to engage with its material stakeholder group to manage its relationships with such groups. The Company also maintains a corporate website at https://www.aem.com.sg to communicate and engage with stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

Dealings in Securities

The Company has adopted its own internal compliance code of best practice on securities transaction to guide its officers with regard to dealings in securities of the Company while in possession of price-sensitive information and which prohibits its officers from dealing in securities of the Company during the relevant blackout periods of one month prior to the announcement of the Group's half yearly and annual financial results and two weeks prior to the announcement of its 1st quarter and 3rd quarter business updates, and ending on the date of the announcement of the relevant results or business updates. Directors, Key Management Personnel and any other persons, as determined by Management, who may possess unpublished material price-sensitive information of the Group (hereinafter referred to as "relevant personnel") are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder will be circulated to Directors, Executive Officers, and relevant personnel of the Company and its subsidiaries before the commencement of each Closed Period, during which, dealing of the Company's securities are prohibited and to those with access to price-sensitive and confidential information. The Company is in compliance with SGX Listing Rule 1207(19) with regards to Dealing in Company's Securities.

Material Contracts

Except as disclosed on SGXNET or herein for the financial year, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions ("IPT")

The Company has established IPT policy and procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and that these transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. Currently, there is no shareholders' mandate for interested person transaction pursuant to Rule 920 of the SGX-ST Listing Manual.

The details of the IPT during FY2021 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPT during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Novo Tellus Capital Partners Pte Ltd ("**Novo Tellus**")	Common Directors	S$99,000	Not applicable
NT SPV 13	Associate of Directors of the Company	S$1,409,000	Not applicable
NT Thor Holdings Pte. Ltd. ("**NT Thor**")	Associate of Directors of the Company	S$2,567,000	Not applicable
Loke Wai San	Non-Executive Chairman	Nil*	Nil
Chok Yean Hung	Non-Executive Director	Nil*	Nil

Notes:

Novo Tellus is a company controlled by Mr. Loke Wai San, the Non-Executive Chairman of the Company and Mr. James Toh Ban Leng, a Director of the Company. The IPT of S$99,000 for FY2021 comprised professional fee of S$60,000 paid by the Company to Novo Tellus for advisory services in upgrading of software capabilities, merger and acquisition activities of the Group and the Group's share of the consultancy service fee of S$39,000 paid by the Company's associated company, Novoflex Pte Ltd. to Novo Tellus.

NT SPV 13 is a company indirectly controlled by Mr. Loke Wai San and Mr. James Toh Ban Leng. The IPT of S$1,409,000 for FY2021 comprised subscription of 3,796,507 shares in Novoflex Pte Ltd by NT SPV 13.

NT Thor is a company indirectly controlled by Mr. Loke Wai San and Mr. Toh James Toh Ban Leng. The IPT of S$2,567,000 for FY2021 comprised subscription of 1,912,500 shares in NT Thor Holdings Pte Ltd by a subsidiary of the Company.

* Amount is less than S$100,000.

Table 1 – Attendance at Board, Board Committee Meetings and general meetings

The attendance of the Directors at the scheduled Board and Board Committees meetings during the year is as follows:

Name of Director	Board		Audit and Risk Management Committee		Remuneration Committee		Nominating Committee		Strategy Committee		AGM	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Loke Wai San	4	4	NA	NA	NA	NA	1	1	3	3	1	1
Adrian Chan Pengee [4]	4	4	4	4	3	2	1	1	NA	NA	1	1
Basil Chan [4]	4	4	4	4	3	3	1	1	NA	NA	1	1
James Toh Ban Leng [5]	4	4	4	4	3	3	NA	NA	NA	NA	1	1
Loh Kin Wah [2]	4	4	NA	NA	NA	NA	NA	NA	3	3	1	1
Lavi Alexander Lev [7]	4	4	NA	NA	NA	NA	NA	NA	3	3	1	1
Chok Yean Hung [6]	4	4	NA	NA	NA	NA	NA	NA	3	3	1	1
Tham Min Yew [1]	1	1	NA	NA	NA	NA	NA	NA	1	1	NA	NA
Chou Yen Ning @ Alice Lin [3]	1	1	1	1	NA	NA	NA	NA	NA	NA	NA	NA

1 Mr. Tham Min Yew was appointed as a Non-Executive & Non-Independent Director and member of the Nominating Committee and the Strategy Committee on 31 August 2021, and appointed as member of Remuneration Committee on 1 January 2022

2 Mr. Loh Kin Wah was appointed as a member of Nominating Committee on 31 August 2021, and appointed as a member of the Remuneration Committee on 1 January 2022

3 Ms. Chou Yen Ning @ Alice Lin was appointed as an Independent Director and member of the Audit & Risk Management Committee on 1 November 2021, and appointed as Chairman of Audit & Risk Management Committee on 1 January 2022.

4 Mr. Basil Chan and Mr Adrian Chan Pengee stepped down as Independent Directors on 31 December 2021

5 Mr. James Toh Ban Leng was re-designated from Non-Executive, Non-Independent Director to Independent Director, and appointed as the Lead Independent Director, Chairman of Remuneration Committee and member of the Nominating Committee on 1 January 2022.

6 Mr. Chok Yean Hung was appointed as Member of the Audit & Risk Management Committee on 1 January 2022.

7 Mr. Lavi Alexander Lev was appointed as Member of the Nominating Committee on 1 January 2022.

Table 2 – Directors and CEO Remuneration Breakdown

The breakdown of the gross remuneration of the Directors and CEO of the Company in absolute amount for FY2021 are set out below:

	Directors' Fees	Fixed Salary	Variable Bonus[6]	Performance Shares	Share Options	Other Fees / Allowances	Total
Directors (non-executive)	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Loke Wai San	132,000	–	–	–	359,755[1]	–	491,755
Adrian Chan Pengee	92,000	–	–	–	–	–	92,000
Basil Chan	96,000	–	–	–	–	–	96,000
James Toh Ban Leng	76,000	–	–	–	–	–	76,000
Lavi Alexander Lev	64,000	–	–	–	–	–	64,000
Loh Kin Wah	65,333	–	–	–	–	–	65,333
Chok Yean Hung	64,000	–	–	–	–	–	64,000
Tham Min Yew[2]	22,667	–	–	–	–	–	22,667
Chou Yen Ning @ Alice Lin[3]	12,000	–	–	–	–	–	12,000
CEO							
Chandran Nair	–	480,000	491,200	120,009[4]	152,759[5]	–	1,243,968

[1] Based on 2,472,000 options with a fair value of S$0.45 per option and amortised over vesting period of 3 years.

[2] Mr. Tham Min Yew was appointed as Director on 31 August 2021.

[3] Ms. Chou Yen Ning @ Alice Lin was appointed as Director on 1 November 2021.

[4] Based on 130,800 performance shares with a fair value of S$3.67 per share and amortised over vesting period of 3 years with effect from 18 June 2021.

[5] Based on 620,690 options with a fair value of S$0.677 per option and amortised over vesting period of 3 years with effect from 1 April 2020.

[6] Annual Wage Supplement is not contractual and is categorised under "Variable Bonus" for purposes of remuneration disclosure.

Table 3 – Key Management Personnel Remuneration Breakdown

Due to the confidentiality and sensitivity on remuneration matters, the Board is of the view that the Group's Key Management remuneration shall be disclosed as bands, as indicated in the following table. The Board has considered the recommendations set out in Provision 8.1 of the Corporate Governance Code carefully, and believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Key Management, the Company's remuneration policies, level and mix of remuneration, performance and value creation.

For the financial year ended 31 December 2021, the Company's Key Management Personnel (who are not Directors or CEO of the Company) are Mr. Samer Kabbani, Ms. Leong Sook Han, Mr. Pascal Pierra, Mr. Mark Yaeger, Mr. Chua Tat Ming and Mr. Goh Meng Kiang.

Remuneration Band (S$)	No. of employees	Fixed Salary [1] (%)	Variable Bonus [1] (%)	Other Allowance (%)	Share Awards [2] (%)	Total
$250,001 to $500,000	1	44	39	4	13	100
S$500,001 to S$750,000	4	56	31	5	8	100
S$750,001 to S$1,000,000	0	0	0	0	0	0
S$1,000,001 to S$1,250,000	0	0	0	0	0	0
S$1,250,001 to S$1,500,000	1	37	45	2	16	100
Total Aggregate Compensation	**6**					**S$3,925,302**

[1] Annual Wage Supplement is not contractual and is categorised under "Variable Bonus" for purposes of remuneration disclosure except for the CFO for which the AWS is contractual and categorised under "Fixed Salary".

[2] Includes performance shares granted on 25 February 2022 for the performance for the financial year ended 31 December 2021.

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 71 to 136 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Loke Wai San	
James Toh Ban Leng	
Loh Kin Wah	
Lavi Alexander Lev	
Chok Yean Hung	
Tham Min Yew	(Appointed on 31 August 2021)
Chou Yen Ning @ Alice Lin	(Appointed on 1 November 2021)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants or share options in the Company (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
AEM Holdings Ltd.		
Loke Wai San		
- ordinary shares, fully paid (direct interest)	5,444,310	7,652,977
- share options to subscribe for ordinary shares at:		
- $1.142 per share between 8 October 2020 to 6 October 2029	2,472,000	824,000
- unvested performance shares	560,667	–
James Toh Ban Leng		
- ordinary shares, fully paid (direct interest)	12,225,020	11,000,000
- ordinary shares, fully paid (deemed interest)	2,196,772	1,196,772
Loh Kin Wah		
- ordinary shares, fully paid (direct interest)	525,000	525,000
Lavi Alexander Lev		
- ordinary shares, fully paid (direct interest)	25,000	25,000
Chok Yean Hung		
- ordinary shares, fully paid (direct interest)	1,514,467	1,091,133
- share options to subscribe for ordinary shares at:		
- $1.142 per share between 8 October 2020 to 6 October 2029	1,352,000	676,000
- unvested performance shares	306,666	–
Chou Yen Ning @ Alice Lin		
- ordinary shares, fully paid (direct interest)	5,000	5,000

By virtue of Section 7 of the Act,

- James Toh Ban Leng is deemed to have interests in the Company through his shareholding in A.C.T. Holdings Pte Ltd at the beginning and at the end of the financial year; and

- All directors except Tham Min Yew are deemed to have interests in other subsidiaries of the Company, all of which are wholly-owned, at the beginning of the financial year, or date of appointment if later, and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the "Equity Compensation" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2022.

Equity compensation

Share options

The AEM Holdings Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 25 April 2014 and was subsequently amended and approved by its members at the Extraordinary General Meeting held on 27 April 2017. The Scheme is administered by the Company's Remuneration Committee (the Committee) comprising the following directors:

- James Toh Ban Leng (Chairman)
- Loh Kin Wah
- Tham Min Yew

Other information regarding the Scheme is set out below:

(i) Whilst the Scheme entitles the Company to issue options at a price which is set at a discount of up to 20% to the market price (as determined by the Committee in its absolute discretion), in practice, since the commencement of the Scheme, the Company has never issued options at a discount, but at the market price (which is the price equal to the average of the last dealt price for the shares on the Singapore Exchange over the five (5) consecutive market days immediately preceding the date of grant of the option).

(ii) An option may be granted at any time at the absolute discretion of the Committee, provided that where price sensitive information is being announced, options may only be granted after the second market day from the date on which the announcement is released. The grant of an option shall be accepted within thirty days from the date of grant and not later than 5.00 p.m. on the thirtieth day from the date of grant.

(iii) The Scheme provides that where options are issued at a discount to the market price ("Discount Price Options"), such options are exercisable at any time after the second anniversary of the date of grant and before the expiry of the tenth anniversary of the relevant date of grant except that in the case of Non-Executive Directors, such options will expire on the fifth anniversary of the date of grant. However, where options are issued at the market price ("Market Price Options"), they are exercisable at any time after the first anniversary of the date of grant and before the expiry of the tenth anniversary of the relevant date of grant except that in the case of Non-Executive Directors, such options will expire on the fifth anniversary of the date of grant.

(iv) The new shares issued by the Company upon the exercise of the options shall rank in full for all dividends or other distributions declared or recommended in respect of the then existing shares and shall in all other respects rank pari passu with other existing shares of the Company.

(v) All options are settled by delivery of shares.

At the end of the financial year, details of the options granted under the Scheme to subscribe for ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share ($)	Outstanding at 1 January 2021	Granted	Exercised	Forfeited/ expired	Outstanding at 31 December 2021	Exercise Period
23/8/2017	0.627*	44,000	–	(44,000)	–	–	24/8/2018-22/8/2027
15/1/2019	0.890	244,000	–	(36,000)	–	208,000	16/1/2020- 14/1/2029
7/10/2019	1.142	2,209,667	–	(1,379,000)	–	830,667	8/10/2020-6/10/2029
7/10/2019	1.142	1,274,667	–	(824,000)	(225,334)	225,333	8/10/2021-6/10/2029
7/10/2019	1.142	1,274,666	–	–	(450,666)	824,000	8/10/2022-6/10/2029
1/4/2020	1.652	206,897	–	–	–	206,897	2/4/2021-31/3/2030
1/4/2020	1.652	206,897	–	–	–	206,897	2/4/2022-31/3/2030
1/4/2020	1.652	206,896	–	–	–	206,896	2/4/2023-31/3/2030
		5,667,690	**–**	**(2,283,000)**	**(676,000)**	**2,708,690**	

* Prices and number of options adjusted for the bonus shares issue on 4 June 2018.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors and employees of the Company or its subsidiaries under the Scheme are as follows:

	Number of options to subscribe for ordinary shares				
	Options granted for financial year ended 31 December 2021	**Aggregate options granted since commencement of Scheme to 31 December 2021+**	**Aggregate options exercised since commencement of Scheme to 31 December 2021**	**Aggregate options forfeited since the commencement to 31 December 2021**	**Aggregate options outstanding at 31 December 2021**
Directors					
Loke Wai San	–	3,453,250	(2,629,250)	–	824,000
Basil Chan	–	20,250	(20,250)	–	–
Chok Yean Hung*	–	2,571,000	(1,219,000)	(676,000)	676,000
Others					
Company	–	1,804,997	(1,184,307)	–	620,690
Subsidiaries	–	3,638,500	(2,959,500)	(91,000)	588,000
Total	**–**	**11,487,997**	**(8,012,307)**	**(767,000)**	**2,708,690**

+ Where options were outstanding on date of bonus shares issues on 18 April 2017 and 4 June 2018, the number of options granted was adjusted for the corresponding effect of the bonus shares issues.

* Options granted during his tenure as key executive and CEO of the Company.

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and other than a former director of the Company, no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

Since the commencement of the Scheme, no options have been granted to directors and employees of the holding company or its related corporations under the Scheme.

No options have been granted at a discount since the commencement of the Scheme.

There were no options granted during the financial year. The Company granted 620,690 options on 1 April 2020 to an employee under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Performance share plan

The AEM Performance Share Plan 2008 (PSP 2008) of the Company was approved and adopted by its members at the Extraordinary General Meeting held on 29 April 2008 to attract, recruit, retain and encourage higher performance goals and recognise achievements. PSP 2008 was terminated and replaced by the AEM Performance Share Plan 2017 (PSP 2017) which was approved and adopted by its members at the Extraordinary General Meeting held on 27 April 2017.

PSP 2008 and PSP 2017 (collectively, PSPs) are administered by the Remuneration Committee. Under the PSPs, the Company has the flexibility to grant time-based or performance-based awards to participants. Both time-based and performance-based awards may be granted to the same participant simultaneously. Participants will be allotted fully paid shares after the satisfactory completion of time-based service conditions or the achievement of performance targets. No minimum vesting periods are prescribed under the PSP and awards may also be granted for past performance where the participant has performed well and/or made a significant contribution to the Company.

Details of performance shares awarded under the PSPs are as follows:

Participants	Share awards granted during FY2021	Aggregate share awards granted since commencement of plan to 31 December 2021	Aggregate share awards vested since commencement of plan to 31 December 2021	Aggregate share awards forfeited in FY2021	Aggregate share awards outstanding at end of 2021
Under PSP 2008					
Directors and key executives	–	5,059,529	(5,059,529)	–	–
Under PSP 2017					
Directors and key executives	258,770	4,651,723	(4,112,666)	(230,000)	309,057

Details of performance shares granted to directors under PSP 2017 are as follows:

	Share awards granted during FY2021	Aggregate share awards granted since commencement of PSP 2017 to 31 December 2021	Aggregate share awards vested since commencement of PSP 2017 to 31 December 2021	Aggregate share awards forfeited in 2021	Aggregate share awards outstanding at end of 2021
Loke Wai San	–	1,349,333	(1,349,333)	–	–
James Toh Ban Leng	–	25,000	(25,000)	–	–
Loh Kin Wah	–	25,000	(25,000)	–	–
Lavi Alexander Lev	–	25,000	(25,000)	–	–
Chok Yean Hung*	–	763,333	(533,333)	(230,000)	–
Basil Chan	–	45,000	(45,000)	–	–
Adrian Chan Pengee	–	40,000	(40,000)	–	–

* Share awards granted during his tenure as key executive and CEO of the Company.

There are no share awards granted to any of the Company's controlling shareholders or their associates and no employee of the Company or employee of related corporations has received 5% or more of the total grant of share awards available under the PSP 2017.

The directors and employees of the holding company (if any) and its related corporations are not eligible to participate in the PSP 2017.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

- Chou Yen Ning @ Alice Lin (Chairman), independent director
- Chok Yean Hung, non-executive, non-independent director
- James Toh Ban Leng, independent director
- Basil Chan, independent director (Stepped down on 31 December 2021)
- Adrian Chan Pengee, independent director (Stepped down on 31 December 2021)

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and the Code of Corporate Governance.

The Audit and Risk Management Committee held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit and Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Loke Wai San
Director

Chou Yen Ning @ Alice Lin
Director

1 April 2022

Members of the Company
AEM Holdings Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AEM Holdings Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 71 to 136.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories (Refer to note 11 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group manufactures highly customised inventories that are sold to customers based on both committed orders and estimated future demand. As the general market conditions continue to be challenging and competitive due to rapid advancements in information technology and pricing competition, there is a risk that the inventories become slow moving or obsolete due to no market demand. These inventories have low resale values and are measured at the lower of cost and net realisable value. This is a key audit focus area due to the estimation uncertainty in determining the level and pricing of future customer demand and hence the provision required to write down slow-moving, excess and obsolete inventory items.	We evaluated the reasonableness of the policy for stock allowance. We reviewed the ageing profile of the inventories to identify any slow-moving and obsolete inventories. Where available, for inventories backed by confirmed purchase orders, we reviewed supporting documentation relating to future sales to assess whether the purchase order sales pricing is at a higher value than the carrying value. We also inspected sales invoices to assess whether the inventory is being sold at a higher value than the carrying value.
Findings The assumptions and estimates applied by the Group in determining the provision for inventory obsolescence was balanced, and the carrying amount of the inventories was recorded at lower of cost and net realisable value.	

<table>
<tr><td colspan="2">Impairment of goodwill
(Refer to note 6 to the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2021, the Group recorded goodwill of $56,064,000, which represented 35% of its total non-current assets.

As disclosed in note 6, the Group allocated the goodwill to four cash-generating units (“CGUs”). The Group made significant acquisition of a subsidiary during the year, resulting in significant addition to the goodwill as at year-end. Goodwill is tested for impairment annually by estimating the recoverable amount of the CGUs. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGUs.

In determining the value-in use of the respective CGUs to which the goodwill is allocated to, management has estimated cash flow projections using key inputs and made assumptions as necessary. The key inputs and assumptions, as discussed in note 6, include pre-tax discount rate, terminal value growth rate and earnings before interest, taxes, depreciation and amortisation (“EBITDA”) margin.

This is a key audit focus area due to the sensitivity of the key inputs and assumptions to various scenarios, including their outlook of macro-economic environment and future market conditions, where significant judgements and estimates have been applied by management in determining the value-in-use.</td><td>We evaluated the appropriateness of the CGUs identified by management based on our knowledge of the business giving rise to the goodwill and our understanding of the current business of the Group.

We assessed the reasonableness of the key inputs and assumptions applied by the management in their cash flow projections, taking into consideration the historical and expected performance and trend of the CGUs, the management’s plans and the market industry outlook. We also tested the mathematical accuracy of the discounted cash flow and performed sensitivity analysis, focusing on plausible changes in key assumptions or discount rate and analysed the impact to the carrying amount.

We assessed the new goodwill generated arising from the acquisition of a subsidiary. Its fair value was determined at acquisition date during the financial year, which the total consideration was representative of the fair value less costs to sell, adjusted for any changes in value arising from factors since acquisition. We reviewed on its business environment, order book and current year’s results, there are no significant changes since acquisition. Hence, we concurred with management that the fair value less cost to sell approximates the fair value determined at acquisition.</td></tr>
<tr><td colspan="2">Findings

We found the identification of CGUs to be appropriate. The assumptions and resulting estimates applied by the Group in determining the goodwill were aligned with the Group’s historical performance, future business plans and consideration of market data.</td></tr>
</table>

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors’ report thereon.

We have obtained all other information prior to the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
1 April 2022

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2021

		Group		Company	
	Note	**2021**	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Assets					
Property, plant and equipment	4	**26,122**	8,127	**23**	29
Right-of-use assets	5	**17,767**	9,509	**–**	–
Intangible assets	6	**96,882**	46,646	**44**	–
Interests in subsidiaries	7	**–**	–	**42,986**	42,986
Investment in associates	9	**15,887**	4,680	**4,667**	4,667
Other investment	10	**2,607**	–	**–**	–
Deferred tax assets	18	**1,121**	168	**19**	19
Non-current assets		**160,386**	69,130	**47,739**	47,701
Inventories	11	**204,926**	79,676	**–**	–
Contract cost	22	**373**	1,234	**–**	–
Trade and other receivables	12	**127,941**	47,571	**31,400**	9,316
Contract assets	22	**692**	3,123	**–**	–
Cash and cash equivalents	13	**216,180**	134,785	**115,794**	8,944
Current assets		**550,112**	266,389	**147,194**	18,260
Total assets		**710,498**	335,519	**194,933**	65,961
Equity					
Share capital	14	**187,197**	50,727	**187,197**	50,727
Reserves	15	**(19,113)**	(226)	**(5,146)**	6,570
Accumulated profits/(losses)		**234,430**	160,929	**2,375**	(6,335)
Total equity attributable to owners of the Group		**402,514**	211,430	**184,426**	50,962
Liabilities					
Financial liabilities	16	**60,771**	6,310	**–**	–
Trade and other payables	17	**1,563**	3,050	**1,563**	2,581
Deferred tax liabilities	18	**8,044**	3,073	**–**	–
Provisions	19	**1,419**	871	**–**	–
Defined benefit obligations	21	**959**	–	**–**	–
Non-current liabilities		**72,756**	13,304	**1,563**	2,581
Financial liabilities	16	**20,502**	4,977	**–**	–
Trade and other payables	17	**181,048**	83,658	**6,920**	9,957
Contract liabilities	22	**11,861**	2,806	**–**	–
Current tax payable		**18,815**	17,854	**2,024**	2,461
Provisions	19	**3,002**	1,490	**–**	–
Current liabilities		**235,228**	110,785	**8,944**	12,418
Total liabilities		**307,984**	124,089	**10,507**	14,999
Total equity and liabilities		**710,498**	335,519	**194,933**	65,961

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2021

	Note	**2021**	2020
		$'000	$'000
Revenue	22	**565,462**	518,959
Cost of sales		**(378,813)**	(351,521)
Gross profit		**186,649**	167,438
Other income		**2,430**	3,945
Research and development expenses		**(19,935)**	(11,441)
Selling, general and administrative expenses		**(58,674)**	(45,932)
Foreign exchange gain/(loss), net		**1,891**	(803)
Other expenses		**(538)**	(49)
Results from operating activities		**111,823**	113,158
Finance income		**404**	672
Finance costs		**(1,729)**	(224)
Net finance (costs)/income	23	**(1,325)**	448
Share of equity-accounted investee's profit (net of tax)	9	**644**	199
Profit before tax		**111,142**	113,805
Tax expense	24	**(19,051)**	(16,218)
Profit for the year		**92,091**	97,587
Profit attributable to:			
Owners of the Company		**91,951**	97,587
Non-controlling interest		**140**	–
Profit for the year	25	**92,091**	97,587
Earnings per share			
Basic earnings per share	26	**31.77 cents**	35.49 cents
Diluted earnings per share	26	**31.59 cents**	35.12 cents
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation difference		**1,053**	(4,497)
Share of foreign currency translation difference of equity-accounted investee		**(153)**	(91)
Other comprehensive income for the year, net of tax		**900**	(4,588)
Total comprehensive income for the year		**92,991**	92,999
Total comprehensive income attributable to:			
Owners of the Company		**92,856**	92,999
Non-controlling interest		**135**	–
Total comprehensive income for the year		**92,991**	92,999

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	Share capital $'000	Reserve for own shares $'000	Other reserves $'000	Share compensation reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group									
At 1 January 2020	45,786	(2,632)	2,148	5,808	(2,356)	85,582	134,336	–	134,336
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	97,587	97,587	–	97,587
Other comprehensive income									
Foreign currency translation difference	–	–	–	–	(4,497)	–	(4,497)	–	(4,497)
Share of foreign currency translation difference of equity-accounted investee	–	–	–	–	(91)	–	(91)	–	(91)
Total comprehensive income for the year	–	–	–	–	(4,588)	97,587	92,999	–	92,999
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Own shares acquired	–	(2,864)	–	–	–	–	(2,864)	–	(2,864)
Treasury shares reissued on settlement of deferred and contingent consideration	–	270	443	–	–	–	713	–	713
Issue of shares related to settlement of deferred and contingent consideration	2,248	–	78	–	–	–	2,326	–	2,326
Issue of shares related to business combination	834	–	–	–	–	–	834	–	834
Treasury shares reissued pursuant to share plans	–	3,214	2,773	(4,403)	–	–	1,584	–	1,584
Share option exercised	1,859	–	–	–	–	–	1,859	–	1,859
Share-based payment transactions (Note 20)	–	–	–	1,883	–	–	1,883	–	1,883
Final dividend of 3.1 cents per share in respect of 2019	–	–	–	–	–	(8,508)	(8,508)	–	(8,508)
Interim dividend of 5.0 cents per share in respect of 2020	–	–	–	–	–	(13,732)	(13,732)	–	(13,732)
Total transactions with owners	4,941	620	3,294	(2,520)	–	(22,240)	(15,905)	–	(15,905)
At 31 December 2020	50,727	(2,012)	5,442	3,288	(6,944)	160,929	211,430	–	211,430

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2021

	Share capital $'000	Reserve for own shares $'000	Other reserves $'000	Share compensation reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group									
At 1 January 2021	50,727	(2,012)	5,442	3,288	(6,944)	160,929	211,430	–	211,430
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	91,951	91,951	140	92,091
Other comprehensive income									
Foreign currency translation difference	–	–	–	–	1,058	–	1,058	(5)	1,053
Share of foreign currency translation difference of equity-accounted investee	–	–	–	–	(153)	–	(153)	–	(153)
Total comprehensive income for the year	–	–	–	–	905	91,951	92,856	135	92,991
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Own shares acquired	–	(4,638)	–	–	–	–	(4,638)	–	(4,638)
Issue of shares related to settlement of deferred and contingent consideration	3,284	–	–	–	–	–	3,284	–	3,284
Issue of shares related to business combination	14,390	–	–	–	–	–	14,390	–	14,390
Treasury shares reissued pursuant to share plans	–	982	840	(1,822)	–	–	–	–	–
Share option exercised	2,576	–	–	–	–	–	2,576	–	2,576
Issue of shares related to private placement	110,952	–	(7,834)	–	–	–	103,118	–	103,118
Share-based payment transactions (Note 20)	–	–	–	756	–	–	756	–	756
Final dividend of 4.0 cents per share in respect of 2020	–	–	–	–	–	(11,248)	(11,248)	–	(11,248)
Interim dividend of 2.6 cents per share in respect of 2021	–	–	–	–	–	(7,342)	(7,342)	–	(7,342)
Total contributions by and distributions to owners of the Company	131,202	(3,656)	(6,994)	(1,066)	–	(18,590)	100,896	–	100,896
Changes in ownership interests in a subsidiary									
Acquisition of a subsidiary with non-controlling interest	–	–	–	–	–	–	–	15,591	15,591
Issue of shares for acquisition of non-controlling interest	5,268	–	–	–	–	–	5,268	–	5,268
Acquisition of non-controlling interest without a change in control	–	–	(8,071)	–	(5)	140	(7,936)	(15,726)	(23,662)
Total changes in ownership interests in a subsidiary	5,268	–	(8,071)	–	(5)	140	(2,668)	(135)	(2,803)
Total transactions with owners	136,470	(3,656)	(15,065)	(1,066)	(5)	(18,450)	98,228	(135)	98,093
At 31 December 2021	**187,197**	**(5,668)**	**(9,623)**	**2,222**	**(6,044)**	**234,430**	**402,514**	**–**	**402,514**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit for the year		**92,091**	97,587
Adjustments for:			
Depreciation of property, plant and equipment	4	**3,488**	2,085
Depreciation of right-of-use assets	5	**5,820**	4,060
Amortisation of intangible assets	6	**5,178**	2,270
Allowance for stock obsolescence		**39**	76
Loss on disposal of property, plant and equipment		**535**	–
Net finance costs/(income)		**1,325**	(448)
Gain on dilution of interests in an associate		**(522)**	–
Gain on disposal of an associate		**(96)**	–
Provision for defined benefit obligations		**(158)**	–
Share of profit of equity-accounted investee, net of tax		**(644)**	(199)
Equity-settled share-based payment expenses		**756**	1,883
Remeasurement of deferred and contingent consideration		**542**	1,814
Tax expense		**19,051**	16,218
		127,405	125,346
Changes in:			
Inventories		**(90,108)**	(21,878)
Contract costs		**876**	(1,243)
Trade and other receivables		**(52,888)**	(17,905)
Contract assets		**2,367**	2,017
Trade and other payables		**75,911**	10,093
Contract liabilities		**6,719**	(1,491)
Provisions		**1,938**	1,192
Cash generated from operating activities		**72,220**	96,131
Tax paid		**(20,223)**	(9,844)
Net cash from operating activities		**51,997**	86,287
Cash flows from investing activities			
Acquisition of intangible assets		**(12,490)**	(1,995)
Interest received		**404**	672
Proceeds from disposal of property, plant and equipment		**325**	–
Proceeds from disposal of an associate		**1,525**	–
Payment of deferred and contingent consideration		**(1,622)**	–
Acquisition of property, plant and equipment	4	**(4,278)**	(3,243)
Acquisition of other investment		**(2,551)**	–
Acquisition of an associate	9	**(10,058)**	–
Acquisition of subsidiaries, net of cash acquired	8	**(56,479)**	(25,205)
Net cash used in investing activities		**(85,224)**	(29,771)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from financing activities			
Interest paid		**(1,611)**	(192)
Repayment of borrowings		**(464)**	(594)
Payment of lease liabilities		**(5,604)**	(4,430)
Proceeds from borrowings		**57,120**	973
Repurchase of treasury shares		**(4,638)**	(2,864)
Proceeds from exercise of share options		**2,576**	3,443
Proceeds from issue of shares for private placement		**103,118**	–
Acquisition of subsidiary's interests from the non-controlling interest		**(18,394)**	–
Dividends paid		**(18,590)**	(22,240)
Net cash from/(used in) financing activities		**113,513**	(25,904)
Net increase in cash and cash equivalents		**80,286**	30,612
Cash and cash equivalents at 1 January		**134,785**	107,676
Effect of exchange rate fluctuations on cash held		**1,109**	(3,503)
Cash and cash equivalents at 31 December	13	**216,180**	134,785

Significant non-cash transaction

During the year, the Group acquired a subsidiary by means of cash and shares consideration (see note 8).

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 1 April 2022.

1 Domicile and activities

AEM Holdings Ltd. (the Company) is incorporated in Singapore and has its registered office at 52 Serangoon North Avenue 4, Singapore 555853.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activities of the Company are those relating to an investment holding company. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars ($), which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 8 - identification of assets acquired and liabilities assumed in a business combination;
- Note 9 - equity-accounted investees: whether the Group has significant influence over an investee.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 6 - Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts;
- Note 8 - measurement of fair value of the identifiable assets and liabilities for the subsidiary acquired;
- Note 11 - valuation of inventories.

NOTES TO THE
FINANCIAL STATEMENTS

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 - impairment of intangible assets and goodwill
- Note 8 - acquisition of subsidiaries
- Note 20 - share-based payment
- Note 29 - financial risk management

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *COVID-19 Related Rent Concessions (Amendments to SFRS(I) 16)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred over; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in "other expenses" within profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in "other expenses" within profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE
FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities using monthly exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3 Significant accounting policies (Continued)

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Motor vehicles	5 – 10 years
Furniture and fittings	3 – 10 years
Renovation and installation	3 – 10 years
Computers	3 years
Plant and equipment	3 – 10 years
Land and building	18 – 31 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

NOTES TO THE
FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.4 Intangible assets and goodwill (Continued)

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Customer relationships

Customer relationships which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight-line basis over the period of the expected benefits.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date the asset is available for use.

The estimated useful lives for the current and comparative years are as follows:

Technology	15 – 20 years
Customer relationships	10 – 16 years
Computer software	3 – 5 years
Development costs	3 – 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (Continued)

3.5 Financial instruments (Continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the respective financial assets and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument that could change the timing and amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE
FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.5 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise lease liabilities, loans and borrowings and trade and other payables (excluding employee benefits, deferred and contingent consideration arising from acquisition of a subsidiary measured at FVTPL).

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

3 Significant accounting policies (Continued)

3.5 Financial instruments (Continued)

(iii) Derecognition (Continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable equity reserve.

(vii) Financial guarantee contracts

Financial guarantee contracts are regarded as insurance contracts under which the Group accepts significant insurance risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event. Provisions are recognised when it is probable that the guarantee will be called upon and an outflow of resources embodying economic benefits will be required to settle the obligations.

3.6 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

NOTES TO THE
FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.6 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Simplified approach

The Group applies the simplified approach to measure loss allowances at an amount equal to lifetime ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts (FGC). Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 Significant accounting policies (Continued)

3.6 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as a default or past due outstanding for more than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend;
- the restructuring of a loan or advanced by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of loss allowance for ECLs in the statement of financial position

Loss allowance for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a *pro rata* basis.

NOTES TO THE **FINANCIAL STATEMENTS**

3 Significant accounting policies (Continued)

3.6 Impairment (Continued)

(ii) Non-financial assets (Continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 Significant accounting policies (Continued)

3.7 Leases (Continued)

As a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group did not expect a material effect on the financial statements.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, except for leasehold property. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories of items segregated for specific projects and equipment are assigned using specific identification of their individual costs. All other inventories are determined using the weighted average cost formula.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Site restoration

In accordance with the applicable terms and conditions in the lease agreement, a provision for site restoration in respect of the leased premises, and the related expenses, were recognised at the date of inception of the lease.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

NOTES TO THE
FINANCIAL STATEMENTS

3 Significant accounting policies (Continued)

3.10 Tax (Continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax asset are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 Revenue recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

3 Significant accounting policies (Continued)

3.11 Revenue recognition (Continued)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the performance obligation. If a performance obligation is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation.

3.12 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in statement of comprehensive income as “other income” on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as “other income” on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined benefit plan

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period. The Group has no plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability
- Remeasurements of net defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

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3 Significant accounting policies (Continued)

3.13 Employee benefits (Continued)

Defined benefit plan (Continued)

Remeasurements comprising actuarial gains and losses, (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested that is recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise unwinding of the discount on provision for site restoration and interest expense on borrowings and leases which are recognised in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

The weighted average number of ordinary shares outstanding during the year and for all years presented are adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Significant accounting policies (Continued)

3.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to SFRS(I) 1-16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(1) 3)*
- *Property, plant and equipment – Proceeds before Intended Used (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulling a Contract (Amendments to SFRS(I) 1-37)*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Annual Improvements to SFRS(I)s 2018-2020*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*

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4 Property, plant and equipment

Group	Motor vehicles $'000	Furniture and fittings $'000	Renovation and installation $'000	Computers $'000	Plant and equipment $'000	Land and building $'000	Total $'000
Cost							
At 1 January 2020	142	572	8,376	2,716	10,120	–	21,926
Additions	–	246	1,152	587	1,258	–	3,243
Acquisition through business combination (note 8)	–	54	128	21	416	–	619
Disposals	(6)	(2)	–	(54)	–	–	(62)
Translation adjustment	4	(8)	(206)	(49)	31	–	(228)
At 31 December 2020	140	862	9,450	3,221	11,825	–	25,498
Additions	93	367	571	1,277	1,970	–	4,278
Acquisition through business combination (note 8)	44	99	42	420	621	17,152	18,378
Disposals	–	–	(1,076)	(49)	(160)	–	(1,285)
Reclassification	–	–	–	–	(619)	–	(619)
Translation adjustment	2	2	191	67	196	24	482
At 31 December 2021	**279**	**1,330**	**9,178**	**4,936**	**13,833**	**17,176**	**46,732**
Accumulated depreciation and impairment losses							
At 1 January 2020	73	350	5,841	2,090	7,180	–	15,534
Depreciation charge for the year	15	51	812	532	675	–	2,085
Disposals	(6)	(2)	–	(54)	–	–	(62)
Translation adjustment	1	(5)	(146)	(40)	4	–	(186)
At 31 December 2020	83	394	6,507	2,528	7,859	–	17,371
Depreciation charge for the year	43	160	758	798	1,066	663	3,488
Disposals	–	–	(364)	(22)	(39)	–	(425)
Reclassification	–	–	–	–	(188)	–	(188)
Translation adjustment	2	5	146	50	143	18	364
At 31 December 2021	**128**	**559**	**7,047**	**3,354**	**8,841**	**681**	**20,610**
Carrying amounts							
At 1 January 2020	69	222	2,535	626	2,940	–	6,392
At 31 December 2020	57	468	2,943	693	3,966	–	8,127
At 31 December 2021	**151**	**771**	**2,131**	**1,582**	**4,992**	**16,495**	**26,122**

4 Property, plant and equipment (Continued)

Company	Renovation and installation $'000	Computers $'000	Plant and equipment $'000	Total $'000
Cost				
At 1 January 2020	34	339	21	394
Additions	–	11	–	11
At 31 December 2020	34	350	21	405
Additions	–	5	–	5
At 31 December 2021	**34**	**355**	**21**	**410**
Accumulated depreciation				
At 1 January 2020	34	323	6	363
Depreciation charge for the year	–	11	2	13
At 31 December 2020	34	334	8	376
Depreciation charge for the year	–	9	2	11
At 31 December 2021	**34**	**343**	**10**	**387**
Carrying amounts				
At 1 January 2020	–	16	15	31
At 31 December 2020	–	16	13	29
At 31 December 2021	**–**	**12**	**11**	**23**

5 Right-of-use assets

Information about leases for which the Group is a lessee is presented below.

	Leasehold property	
	2021	2020
	$'000	$'000
Balance at 1 January	**9,509**	2,051
Depreciation charge for the year	**(5,820)**	(4,060)
Additions to right-of-use assets	**10,866**	11,518
Acquisition through business combination	**3,212**	–
Balance at 31 December	**17,767**	9,509

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6 Intangible assets

Group	Goodwill $'000	Technology $'000	Customer relationships $'000	Computer software $'000	Development costs $'000	Other $'000	Total $'000
Cost							
At 1 January 2020	5,982	7,812	2,297	4,451	988	48	21,578
Additions	–	–	–	889	1,055	51	1,995
Acquisition through business combination	23,318	2,842	1,164	–	2,331	292	29,947
Translation adjustment	(50)	(28)	(9)	(75)	175	5	18
At 31 December 2020	29,250	10,626	3,452	5,265	4,549	396	53,538
Additions	–	–	–	460	11,792	238	12,490
Reclassification	–	–	–	–	619	–	619
Acquisition through business combination	26,795	–	16,327	–	–	–	43,122
Translation adjustment	19	(235)	(130)	52	(434)	(20)	(748)
At 31 December 2021	**56,064**	**10,391**	**19,649**	**5,777**	**16,526**	**614**	**109,021**
Accumulated amortisation							
At 1 January 2020	–	813	496	3,326	30	8	4,673
Amortisation charge for the year	–	464	221	873	692	20	2,270
Translation adjustment	–	(8)	(3)	(61)	21	–	(51)
At 31 December 2020	–	1,269	714	4,138	743	28	6,892
Amortisation charge for the year	–	203	2,442	794	1,602	137	5,178
Reclassification	–	–	–	–	188	–	188
Translation adjustment	–	(13)	(38)	24	(83)	(9)	(119)
At 31 December 2021	**–**	**1,459**	**3,118**	**4,956**	**2,450**	**156**	**12,139**
Carrying amounts							
At 1 January 2020	5,982	6,999	1,801	1,125	958	40	16,905
At 31 December 2020	29,250	9,357	2,738	1,127	3,806	368	46,646
At 31 December 2021	**56,064**	**8,932**	**16,531**	**821**	**14,076**	**458**	**96,882**

Company	Computer software $'000
Cost	
At 1 January 2020 and 31 December 2020	1,190
Additions	45
At 31 December 2021	**1,235**
Accumulated amortisation	
At 1 January 2020 and 31 December 2020	1,190
Amortisation charge for the year	1
At 31 December 2021	**1,191**
Carrying amounts	
At 1 January 2020 and 31 December 2020	–
At 31 December 2021	**44**

6 Intangible assets (Continued)

Impairment testing for CGUs containing Goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Group	
	2021	2020
	$'000	$'000
- Test Cell Solutions (TCS)	**19,371**	19,189
- Test and Measurement Solutions (TMS)*	**1,230**	1,230
- Automatic Test Equipment (ATE)*	**8,668**	8,831
- Contract Manufacturing	**26,795**	–
	56,064	29,250

* *These CGUs were grouped under Instrumentation segment*

TCS

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from internal sources.

	2021	2020
Group	**%**	%
Pre-tax discount rate	**17.5**	^
Terminal value growth rate	**3.0**	^
EBITDA margin	**20.0 to 24.0**	^

The discount rate was a pre-tax measure estimated based on management's estimate of the segment's weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual revenue growth rate, consistent with the assumptions that a market participant would make.

EBITDA margin was projected taking into account the estimated sales volume, price growth and cost of sales for the next five years.

In 2021, the estimated recoverable amount of the CGU exceeded its carrying amount and no impairment loss is recorded.

^ In 2020, the key assumption used in the estimation of the recoverable amount is not applicable. The goodwill was recognised from the acquisition of two subsidiaries as the difference between the fair value of the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed. The valuation techniques to determine the fair values are described in note 8. Management performed an impairment assessment on the goodwill arising from the acquisition of the subsidiaries. In ascertaining the recoverable amount of the respective CGUs, management was of the view that the total consideration was representative of the fair value less costs to sell, adjusted for any changes in value arising from factors since acquisition, given that there were no significant change in the fair value. In this context, the recoverable amount approximates the carrying amount as at 31 December 2020 and accordingly, no impairment loss was recorded on the goodwill.

No sensitivity analysis was disclosed as the Group believes that any reasonable plausible change in the key assumption is not likely to materially cause the recoverable amount to be lower than its carrying value.

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6 Intangible assets (Continued)

Impairment testing for CGUs containing Goodwill (Continued)

TMS

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from internal sources.

Group	**2021** %	2020 %
Pre-tax discount rate	**16.5**	8.8
Terminal value growth rate	**3.0**	3.0
EBITDA margin	**-2.0 to 15.0**	5.0 to 9.0

The discount rate was a pre-tax measure estimated based on management's estimate of the segment's weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual revenue growth rate, consistent with the assumptions that a market participant would make.

EBITDA margin was projected taking into account the estimated sales volume, price growth and cost of sales for the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount and no impairment loss was recorded.

No sensitivity analysis was disclosed as the Group believes that any reasonable plausible change in the key assumption is not likely to materially cause the recoverable amount to be lower than its carrying value.

ATE

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from internal sources.

Group	**2021** %	2020 %
Pre-tax discount rate	**16.2**	*
Terminal value growth rate	**3.0**	*
EBITDA margin	**-9.0 to 20.0**	*

The discount rate was a pre-tax measure estimated based on management's estimate of the segment's weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual revenue growth rate, consistent with the assumptions that a market participant would make.

EBITDA margin was projected taking into account the estimated sales volume, price growth and cost of sales for the next five years.

6 Intangible assets (Continued)

Impairment testing for CGUs containing Goodwill (Continued)

ATE (Continued)

In 2021, the estimated recoverable amount of the CGU exceeded its carrying amount and no impairment loss is recorded.

The recoverable amount as at 31 December 2020 was determined based on the fair value at acquisition date as the CGU was newly acquired in 2020 and the fair value of the acquisition was deemed to approximate the fair value as at 31 December 2020. In this context, the recoverable amount approximates the carrying amount of the CGU and accordingly, no impairment loss was recorded.

* In 2020, the key assumption used in the estimation of the recoverable amount is not applicable. The goodwill was recognised from the acquisition of a subsidiary as the difference between the fair value of the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed. The valuation techniques to determine the fair values are described in note 8. Management performed an impairment assessment on the goodwill arising from the acquisition of the subsidiary. In ascertaining the recoverable amount of the respective CGUs, management was of the view that the total consideration was representative of the fair value less costs to sell, adjusted for any changes in value arising from factors since acquisition, given that there were no significant change in the fair value. In this context, the recoverable amount approximates the carrying amount as at 31 December 2020 and accordingly, no impairment loss was recorded on the goodwill.

No sensitivity analysis was disclosed as the Group believes that any reasonable plausible change in the key assumption is not likely to materially cause the recoverable amount to be lower than its carrying value.

Contract Manufacturing

Goodwill was recognised from the acquisition of a new subsidiary during the year as the difference between the fair value of the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed. The key assumptions to determine the fair values are described in note 8.

At 31 December 2021, management performed an impairment assessment on the goodwill arising from the acquisition of the new subsidiary. In ascertaining the recoverable amount of the respective CGUs, management was of the view that the total consideration was representative of the fair value less costs to sell, adjusted for any changes in value arising from factors since acquisition, given that there were no significant change in the fair value.

In this context, the recoverable amount approximates the carrying amount as at 31 December 2021 and accordingly, no impairment loss was recorded on the goodwill.

7 Interests in subsidiaries

	Company	
	2021	2020
	$'000	$'000
Investment in subsidiaries – Unquoted equity shares, at cost	**42,541**	42,541
Interest in subsidiary – Loan	**731**	731
Allowance for impairment	**(286)**	(286)
	42,986	42,986

Interest in subsidiary pertains to a loan given to a subsidiary upon acquisition in exchange for control of the subsidiary (see note 8).

The Group carried out a review of the recoverable amounts of its investments in subsidiaries based on the performance of the subsidiaries, including the investments in Afore Oy and InspiRain Technologies Pte. Ltd. which relates to the TCS and TMS segments respectively (see note 6).

The recoverable amount estimated based on value in use, exceeded the carrying value of these investments. Based on the assessment, no impairment loss is recognised for the investments in subsidiaries in 2021 (2020: Nil).

Impairment losses brought forward of $286,000 pertain to a subsidiary that remains inactive during the year. Hence, no reversal of impairment is necessary.

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7 Interests in subsidiaries (Continued)

Details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group	
			2021	2020
			%	%
AEM Singapore Pte. Ltd. [1*]	Manufacturing and repair of semiconductor assembly and testing equipment; and installation of industrial machinery and equipment including provision of engineering works	Singapore	**100**	100
AEM Microtronics (M) Sdn. Bhd. [2#]	Design and manufacturing of semiconductor manufacturing equipment and related tooling parts and precision machining of components	Malaysia	**100**	100
AEM International (US) Ltd.[3#]	Engineering services	United States of America	**100**	100
Tianjin Ever Technologies Co., Ltd.[4#]	Inactive	People's Republic of China	**100**	100
AEM China (S) Pte. Ltd.[4]	Inactive	Singapore	**100**	100
InspiRain Technologies Pte. Ltd. [4]	Inactive	Singapore	**100**	100
AEM Microtronics (Suzhou) Co. Ltd.[5]	Design and manufacturing of semiconductor manufacturing equipment and related tooling parts and precision machining of components	People's Republic of China	**100**	100
Afore Oy[2]	Micro-Electro-Mechanical Systems test solutions provider	Finland	**100**	100
IRIS Solution Pte. Ltd. [1]	Research, development, and integration of advance machine vision solutions to manufacturers	Singapore	**100**	100
Mu-TEST [6]	Provides full test solutions for medium and high-end integrated circuits	France	**100**	100[+]
DB Design Group, Inc.[3]	Design services and manufacturing of handler change kits, tester interfaces, test handlers and related tooling parts and thermal solutions	United States of America	**100**	100[+]
AEM Costa Rica Limited[3#]	Engineering services	Republic of Costa Rica	**100**	100[^]

7 Interests in subsidiaries (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group	
			2021	2020
			%	%
Wavem US Inc.[3#]	Investment holding	United States of America	**100**	100^
Lattice Innovation, Inc.[3@]	Provider of 3D modules for optimised thermal control applications	United States of America	**100**	100+
CEI Pte. Ltd. [1#]	Contract manufacturing and design and manufacture of proprietary equipment	Singapore	**100**~	–
CEI International Investments Pte Ltd [1,8]	Investment holding	Singapore	**100**~	–
PT Surya Teknologi Batam [7,8]	Printed circuit board assembly and contract manufacturing	Indonesia	**100**~	–
CEI International Investments (VN) Ltd [2,9]	Printed circuit board assembly and contract manufacturing	Vietnam	**100**~	–

KPMG Singapore is the auditor of the significant subsidiary and all Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the Singapore Exchange if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

1 Audited by KPMG Singapore.

2 Audited by other member firms of KPMG International.

3 Audit is not required.

4 Inactive and audit is not required.

5 Audited by Suzhou Deheng Certified Public Accountants.

6 Audited by Arthaud & Associates, France.

7 Audited by JAS & Rekan, Drs Sukimto Sjamsuli.

8 Held by CEI Pte. Ltd.

9 Held by CEI International Investments Pte Ltd

Held by AEM Singapore Pte. Ltd.

@ Held by Wavem US Inc.

* Significant subsidiary as defined under the SGX-ST Listing Manual.

~ In March 2021, the Group acquired CEI Pte. Ltd. and its subsidiaries.

+ In March, July and December 2020, the Group acquired Mu-TEST, DB Design Group, Inc. and Lattice Innovation, Inc. respectively.

^ In September and November 2020, the Group incorporated AEM Costa Rica Limited and Wavem US Inc. respectively.

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8 Acquisition of subsidiaries

Acquisition in 2021

On 31 March 2021, the Group acquired a controlling stake of 77% equity shares and voting interests on CEI Pte. Ltd. (formerly known as CEI Limited which was listed in Singapore Exchange Securities Trading Limited), a reputable contract manufacturer of Printed Circuit Board Assembly (PCBA), Wire-Harness & Interconnect systems, Box Build and Equipment Manufacturing. The acquisition is expected to add end-to-end customisation and delivery capability, and driving synergy and efficiency of the Group.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration:

	Note	**Total $'000**
Equity shares issued (3,475,902 ordinary shares)	14	14,390
Cash		64,347
Total consideration		78,737

Net cash outflow

	Total $'000
Cash consideration paid	64,347
Cash in acquired company	(7,868)
Total net cash outflow	56,479

Equity shares issued

The weighted average fair value of ordinary shares issued of $4.14 per share was based on the listed share price of the Company at 31 March 2021, as part of the consideration paid.

Acquisition-related costs

The Group incurred acquisition related cost of $1,209,000 on legal fees, due diligence costs, transaction advisory fees and other professional fees for the above acquisition, of which $1,200,000 was recognised in year 2020 as the expenses were incurred. These costs have been included in "selling, general & administrative expenses" within the consolidated statement of comprehensive income.

8 Acquisition of subsidiaries (Continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	Fair value $'000
Property, plant and equipment	4	18,378
Right-of-use assets	5	3,212
Intangible assets	6	16,327
Interest in associates		1,429
Inventories		33,055
Trade and other receivables		25,715
Cash and cash equivalent		7,868
Trade and other payables		(21,876)
Contract liabilities		(2,258)
Financial liabilities		(7,325)
Defined benefit obligations	21	(1,117)
Deferred tax liabilities	18	(4,731)
Current tax payable		(1,144)
Total identifiable net assets		67,533

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison method and cost method:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets - Customer relationships	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Total $'000
Consideration transferred	78,737
Non-controlling interest	15,591
Fair value of identifiable net assets	(67,533)
Goodwill	26,795

The goodwill is attributable to CEI Pte. Ltd.'s strong market position, profitability and synergies.

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8 Acquisition of subsidiaries (Continued)

Acquisition of non-controlling interest (NCI)

Subsequent to obtaining controlling stake on 31 March 2021, the Group continued to acquire the remaining non-controlling interest of 23%. As of 30 June 2021, the Group acquired 100% of the issued share capital in CEI Pte. Ltd.. On 6 July 2021, CEI Pte. Ltd. was delisted from Singapore Exchange Securities Trading Limited.

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

	Total
	$'000
Carrying amount of NCI acquired	15,726
Consideration paid to NCI	(18,394)
Equity shares issued to NCI	(5,268)
Decrease in equity attributable to owners of the Company	(7,936)

The decrease in equity attributable to owners of the Company comprised:

- a decrease in Other reserves of $8,071,000;
- a decrease in Currency translation reserves of $5,000; and
- an increase in Accumulated profits of $140,000.

Acquisitions in 2020

On 20 March 2020 and 21 July 2020, the Group acquired 100% of the shares and voting interests in Mu-TEST ("**Mu-Test**") and DB Design Group, Inc ("**DB Design**"), obtaining control of Mu-Test and DB Design respectively.

On 24 November 2020 and 6 December 2020 respectively, the Group acquired 47.7% and the remaining 52.3% of the shares and voting interests in Lattice Innovation, Inc., ("**Lattice**"), obtaining control of Lattice.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Mu-Test, DB Design and Lattice are inputs (registered offices, factories, technology, inventories and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired sets constitutes a business.

The acquisition of Mu-Test, DB Design and Lattice enables the Group to enhance its product range and services that the Group can offer to semiconductors and industrial sections.

For the nine months ended 31 December 2020, Mu-Test contributed revenue of $2,329,000 and loss of $987,000 to the Group's results. For six months ended 31 December 2020, DB Design contributed revenue of $1,719,000 and loss of $250,000 to the Group's results. For one month ended 31 December 2020, Lattice contributed revenue of $437,000 and net profit of $100,000 to the Group's results.

If the acquisitions had occurred on 1 January 2020, management estimated that the consolidated revenue would have been $526,362,000 and net profit of $97,913,000. In determining these amounts, management had assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

8 Acquisition of subsidiaries (Continued)

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration:

	Note	Acquisition of: Mu-Test $'000	DB Design $'000	Lattice $'000	Total $'000
Equity shares issued (263,000 ordinary shares)	14	–	708	–	708
Deferred consideration		–	160	1,396	1,556
Contingent consideration		2,975	–	–	2,975
Cash		9,783	2,592	14,695	27,070
Total consideration		12,758	3,460	16,091	32,309

Net cash outflow

	Acquisition of: Mu-Test $'000	DB Design $'000	Lattice $'000	Total $'000
Cash consideration paid	9,783	2,592	14,695	27,070
Cash in acquired company	(896)	(196)	(773)	(1,865)
Total net cash outflow	8,887	2,396	13,922	25,205

Equity shares issued

The weighted average fair value of ordinary shares issued of $2.69 per share was based on the listed share price of the Company at 17 September 2020, as part of the consideration paid for acquisition of DB Design.

Deferred consideration

Deferred consideration comprised cash consideration that will be paid to the selling shareholders one year after the acquisition of the respective subsidiaries.

Contingent consideration

Contingent consideration comprised consideration payable in cash or shares at the selling shareholders' discretion. The Group has agreed to transfer the selling shareholders an earnout payment over a three year period from the date of acquisition if certain milestones are met, which includes the development of new products, expansion into specific markets and revenue targets.

Acquisition-related costs

The Group incurred acquisition-related costs of $749,000 on legal fees and due diligence costs for the above acquisitions. These costs have been included in 'selling, general & administrative expenses' within the statement of comprehensive income.

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8 Acquisition of subsidiaries (Continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

		Acquisition of:			
	Note	**Mu-Test**	**DB Design**	**Lattice**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	4	199	375	45	619
Intangible assets	6	2,634	1,596	2,399	6,629
Cash		896	196	773	1,865
Inventories		1,354	262	257	1,873
Trade and other receivables		1,362	665	1,134	3,161
Net deferred tax liabilities	18	(293)	(475)	(624)	(1,392)
Trade and other payables		(849)	(479)	(516)	(1,844)
Contract liabilities		(474)	–	–	(474)
Financial liabilities		(902)	(544)	–	(1,446)
Total identifiable net assets		3,927	1,596	3,468	8,991

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	**Valuation technique**
Intangible assets	
- Technology	*Relief-from-royalty method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.
- Customer relationships	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
- Development costs	*Cost approach:* The cost approach considers the costs required to reproduce the intangible asset and a developer's profit mark-up.

The trade and other receivables comprised gross contractual amounts of $3,161,000, all of which were expected to be collectible.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Acquisition of:			
	Mu-Test	**DB Design**	**Lattice**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Total consideration	12,758	3,460	16,091	32,309
Fair value of identifiable net assets	(3,927)	(1,596)	(3,468)	(8,991)
Goodwill	8,831	1,864	12,623	23,318

The goodwill is attributable mainly to skills and technical talent of the work force and synergies expected to be achieved from integrating the companies into the Group's existing business.

None of the goodwill recognised is expected to be deductible for tax purposes.

9 Investment in associates

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Unquoted shares	**15,887**	4,680	**4,667**	4,667

Details of associate are as follows:

Name of associates	Principal activities	Principal place of business and country of incorporation	Effective equity held by the Group	
			2021	2020
			%	%
Novoflex Pte Ltd[1] ("Novoflex")	Investment holding company with full control of Smartflex Technology Pte Ltd, a leading outsourced assembly & test company for smart card modules used in banking and Smartflex Innovation Pte Ltd, a company that has developed proprietary manufacturing equipment, processes and intellectual property for producing very low cost SIM card modules for telecommunications and smart card modules for banking	Singapore	**18.1**	21.2
ATECO Inc.[2] ("ATECO")	Specialises in the design and development of memory test handler solutions	South Korea	**43.2**	–

1 Audited by Ernst & Young Singapore

2 Audit is not required

On 5 March 2021, the Group agreed to waive its pre-emption rights under the Constitution of Novoflex and entered into a deed of accession and amendment with NT SPV 13, to bind the latter to the Shareholders Agreement dated 6 May 2016. Subsequently, NT SPV 13 subscribed for 3,796,507 shares in the share capital of Novoflex at a total price of US$5,000,000 thereby reducing the Group's shareholding in Novoflex Pte Ltd from 21.2% to 18.1%. As a result, the Group recognised a gain on dilution of investment in Novoflex of $522,000.

On 18 March 2021, the Group acquired 26.6% of the outstanding share capital of ATECO, a South Korean company that specialises in the design and development of memory test handler solutions targeted at the memory market, for a consideration of US$3,897,000 or $5,231,000.

By 13 September 2021, the Group acquired additional 16.6% of the outstanding share capital of ATECO, for a consideration of US$3,582,000 or $4,827,000, bringing the Group's effective equity held in ATECO to 43.2%.

As part of the investment, the Group has been granted the rights to acquire further shares of ATECO, which together with the acquired 43.2%, will constitute up to 65% of the total outstanding share capital of ATECO on a fully diluted basis.

As at 31 December 2021, the initial accounting for the acquisition in ATECO was based on preliminary fair value adjustments upon available information and certain assumptions that the Group believes are reasonable under the circumstances and may be revised as additional information becomes available. A final determination of the fair value adjustments assumed may differ materially from the preliminary estimates. The final valuation will be based on the actual assessment of the fair values of tangible and intangible assets and liabilities assumed of ATECO. The final valuation may change the purchase price allocation, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a change to the consolidated financial statements. Accordingly, while provisional amounts have been recorded, they will be adjusted on a retrospective basis when the purchase price allocation exercise is finalised during the measurement period (i.e. 12 months within date of acquisition).

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9 Investment in associates (Continued)

The following summarises the financial information of the Group's associates based on ATECO's and Novoflex's financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies:

	ATECO	Novoflex	
	2021	2021	2020
	$'000	$'000	$'000
Revenue	20,905	36,443	31,371
Profit/(Loss) after tax	1,239	(1,328)	938
Total comprehensive profit	1,239	(1,328)	938
Attributable to investee's shareholders	1,239	(1,328)	938
Non-current assets	10,606	17,055	18,930
Current assets	19,794	29,353	20,537
Non-current liabilities	(4,521)	(5,719)	(8,682)
Current liabilities	(14,851)	(12,628)	(8,700)
Net assets	11,028	28,061	22,085
Attributable to investee's shareholders	11,028	28,061	22,085
Group's interest in net assets of investee at beginning of the year	–	4,680	4,572
Group's share of:			
- profit/(loss) after tax	890	(246)	199
Total comprehensive income/(loss)	890	(246)	199
Change of Group's interest in an associate	5,582	522	–
Translation adjustment	(135)	118	(91)
Group's share of net assets	6,337	5,074	4,680
Goodwill	4,476	–	–
Carrying amount of interest in investee at end of the year	10,813	5,074	4,680

10 Other investment

	Group	
	2021	2020
	$'000	$'000
Equity investment – at FVTPL	2,607	–

The basis of measurement of the fair value of other investment are disclosed in note 29.

11 Inventories

	Group	
	2021	2020
	$'000	$'000
Raw materials	98,828	29,637
Work-in-progress	91,564	45,056
Finished goods	12,939	4,363
Goods in-transit	1,595	620
	204,926	79,676

Stock obsolescence is estimated based on future customer demands. Inventories have been reduced by $39,000 (2020: $76,000) as a result of the write-down to net realisable value. The write-downs are included in "cost of sales" within the statement of comprehensive income.

12 Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade receivables (net of impairment)	**106,724**	42,361	**–**	–
Other receivables	**17,117**	3,281	**–**	–
Amounts due from subsidiaries (net of impairment):				
- trade	**–**	–	**5,133**	934
- non-trade	**–**	–	**26,077**	8,090
Deposits	**1,718**	1,295	**–**	5
	125,559	46,937	**31,210**	9,029
Prepayments	**2,382**	634	**190**	287
	127,941	47,571	**31,400**	9,316

Amounts due from subsidiaries

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The ECL for these amounts is disclosed in note 29.

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 29.

13 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**216,180**	134,785	**115,794**	8,944
Cash and cash equivalents	**216,180**	134,785	**115,794**	8,944

As at 31 December 2021, the weighted average effective interest rates per annum relating to cash and cash equivalents for the Group was 0.02% (2020: 0.05%). Interest rates are repriced monthly.

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14 Share capital

	Number of shares			
	Share capital		Treasury shares	
	2021	2020	**2021**	2020
	'000	'000	**'000**	'000
Company				
Issued and fully paid ordinary shares, with no par value:				
At 1 January	**276,863**	273,308	**(1,305)**	(3,541)
Issue of shares for cash related to private placement	**26,800**	–	**–**	–
Issue of shares related to business combination	**3,476**	263	**–**	–
Issue of shares for acquisition of non-controlling interest	**1,303**	–	**–**	–
Purchase of treasury shares	**–**	–	**(1,208)**	(1,378)
Issue of treasury shares to management under Performance Share Plan	**–**	–	**637**	1,593
Share options exercised	**2,283**	2,456	**–**	1,657
Issue of shares related to settlement of deferred and contingent consideration	**800**	836	**–**	364
At 31 December	**311,525**	276,863	**(1,876)**	(1,305)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the year, 2,283,000 (2020: 2,456,000) ordinary shares were issued out of the ordinary shares for share options exercised, 3,476,000 (2020: 263,000) ordinary shares were issued out of ordinary shares as a result of business combination and 800,000 (2020: 836,000) ordinary shares were issued out of ordinary shares for settlement of deferred and contingent consideration relating to acquisition of InspiRain Technologies Pte. Ltd. in 2017.

During the year, the Company purchased 1,208,000 (2020: 1,378,000) of its own ordinary shares from the open market and as at the end of 31 December 2021, the treasury shares balance was 1,876,000 (2020: 1,305,000). The total number of issued ordinary shares excluding treasury shares at the end of the year was 309,649,000 (2020: 275,558,000).

Treasury shares

During the year, 637,000 (2020: 1,593,000) shares were issued out of the treasury shares under the Performance Share Plan, no shares were issued (2020: 1,657,000) out of the treasury shares for share options exercised and no shares were issued (2020: 364,000 shares) out of the treasury shares for settlement of deferred and contingent consideration relating to acquisition of InspiRain in 2017.

Capital management

The Board's policy is to build and maintain a strong capital base so as to maintain investor and financing banks' confidence and at the same time be able to leverage on the capital to provide the Group with the funds for expansion and growth.

The Group also monitors the level of dividends to be paid to ordinary shareholders. The Group's objective is to pay out regular dividends to the shareholders based on the level of the Group's profitability and cash flows and the Company's share price performance.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

15 Reserves

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Reserve for own shares	**(5,668)**	(2,012)	**(5,668)**	(2,012)
Other reserves	**(9,623)**	5,442	**(1,700)**	5,294
Share compensation reserve	**2,222**	3,288	**2,222**	3,288
Currency translation reserve	**(6,044)**	(6,944)	**–**	–
	(19,113)	(226)	**(5,146)**	6,570

Reserve for own shares

Reserve for own shares comprises the cost of the Company's shares held by the Group.

Other reserves

Other reserves comprises accumulated profits transferred by a foreign subsidiary as required by local legislations which can only be distributed upon approval by the relevant authorities and surplus of own shares reissued.

Share compensation reserve

Share compensation reserve comprises the value of employee services received from equity-settled share-based performance bonus.

Currency translation reserve

The currency translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company.

16 Financial liabilities

	Group	
	2021	2020
	$'000	$'000
Non-current liabilities		
Lease liabilities	**10,096**	5,985
Unsecured bank loans	**50,675**	325
	60,771	6,310
Current liabilities		
Lease liabilities	**7,904**	3,434
Unsecured bank loans	**12,598**	1,543
	20,502	4,977
Total financial liabilities	**81,273**	11,287
Maturity of liabilities:		
Within 1 year	**20,502**	4,977
After 1 year but within 5 years	**60,771**	6,310
	81,273	11,287

Lease liabilities

As at 31 December 2021, the lease liabilities include office and warehouse leases. Lease payments are renegotiated every year to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The total cash outflow for leases recognised in the statement of cash flows is $5,977,000 (2020: $4,603,000).

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16 Financial liabilities (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and leases are as follows:

	Nominal interest rate	Year of maturity	2021 Face value	2021 Carrying amount	2020 Face value	2020 Carrying amount
	%		$'000	$'000	$'000	$'000
Group						
Unsecured bank loans	0.52% - 1.99%	2022 – 2026	**64,740**	**63,273**	1,878	1,868
Lease liabilities	1.76% - 7.09%	2022 – 2029	**19,734**	**18,000**	10,130	9,419
			84,474	**81,273**	12,008	11,287

The Company does not have any borrowings as at 31 December 2021 (2020: Nil).

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 29.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Borrowings	Lease liabilities	Total
	$'000	$'000	$'000
Balance at 1 January 2020	–	2,208	2,208
Changes from financing cash flows			
Interest paid	(19)	(173)	(192)
Proceeds from borrowings	973	–	973
Repayment of borrowings	(594)	–	(594)
Payment of lease liabilities	–	(4,430)	(4,430)
Total changes from financing cash flows	360	(4,603)	(4,243)
Changes arising from acquisition of subsidiaries	1,446	–	1,446
The effect of changes in foreign exchange rates	43	(163)	(120)
Liability-related			
Additions	–	11,804	11,804
Interest expense	19	173	192
Total liability-related other changes	19	11,977	11,996
Balance at 31 December 2020	1,868	9,419	11,287
Balance at 1 January 2021	**1,868**	**9,419**	**11,287**
Changes from financing cash flows			
Interest paid	**(1,234)**	**(373)**	**(1,607)**
Proceeds from borrowings	**57,120**	**–**	**57,120**
Repayment of borrowings	**(464)**	**–**	**(464)**
Payment of lease liabilities	**–**	**(5,604)**	**(5,604)**
Total changes from financing cash flows	**55,422**	**(5,977)**	**49,445**
Changes arising from acquisition of a subsidiary	**4,004**	**3,321**	**7,325**
The effect of changes in foreign exchange rates	**745**	**82**	**827**
Liability-related			
Additions	**–**	**10,782**	**10,782**
Interest expense	**1,234**	**373**	**1,607**
Total liability-related other changes	**1,234**	**11,155**	**12,389**
Balance at 31 December 2021	**63,273**	**18,000**	**81,273**

17 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade payables	**143,839**	49,427	**–**	–
Amount due to subsidiaries (non-trade)	**–**	–	**1,764**	490
Accrued operating expenses	**5,581**	4,041	**990**	664
Other payables	**8,176**	10,881	**3,373**	6,667
	157,596	64,349	**6,127**	7,821
Employee benefits	**25,015**	22,359	**2,356**	4,717
	182,611	86,708	**8,483**	12,538
Current	**181,048**	83,658	**6,920**	9,957
Non-current	**1,563**	3,050	**1,563**	2,581
	182,611	86,708	**8,483**	12,538

Other payables include deferred cash consideration and contingent consideration relating to the acquisition of subsidiaries in 2020 of $759,000 (2020: $1,556,000) and $2,387,000 (2020: $2,975,000) respectively (see note 8), and contingent consideration relating to the acquisition of subsidiary in 2017 of $Nil (2020: $2,742,000) at the Group and Company level.

Consideration relating to acquisition in 2017

In prior year, the deferred and contingent consideration relating to the acquisition of InspiRain Technologies Pte. Ltd. (InspiRain) in 2017, comprised:

- Deferred cash consideration of $500,000 payable in 2018 and 300,000* shares in tranches of 100,000* shares each over the next three years from 2018 to 2020; and

- Contingent consideration of 400,000* shares in tranches of 100,000* shares each over the next four years from 2018 to 2021 if agreed performance targets are met. Performance targets were revenue exceeding the annual target of between $1,000,000 to $4,000,000 and gross profit margin of at least 30%. In 2019, InspiRain achieved its 2019 target and the fair value of the contingent consideration was remeasured and $1,250,000 was recognised based on the revised forecast of the TMS segment. In 2020, TMS achieved the annual target for 2020 and the second tranche of the contingent consideration pertaining to achieved targets for 2019 was settled. In 2021, TMS achieved the target for 2021 and the remaining tranches of the contingent consideration pertaining to achieved targets for 2020 and 2021 was settled.

* Number of shares not adjusted for bonus issue on 4 June 2018.

Deferred consideration

The deferred cash consideration of $500,000 was paid in 2018 and the first tranche of deferred share payments pertaining to 2018 with a carrying amount of $330,000 were settled in 2019.

In 2020, the remaining two tranches of deferred share payments pertaining to 2019 and 2020 of $1,594,000 were settled. As at 31 December 2020, all deferred consideration relating to InspiRain has been settled.

Contingent consideration

The first tranche of contingent share payments pertaining to 2018 with a carrying amount of $330,000 was settled in 2019.

In 2020, the second tranche of contingent share payments pertaining to 2019 with a carrying amount of $868,000 was settled. At 31 December 2021, all contingent consideration has been settled (2020: there were two tranches of contingent consideration with a carrying amount of $2,742,000).

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17 Trade and other payables (Continued)

Amounts due to subsidiaries

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Measurement of fair values

The basis of measurement of the fair value of deferred and contingent consideration are disclosed in note 29.

Market and liquidity risks

The Group and the Company's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 29.

Outstanding balances with related parties are unsecured.

18 Deferred tax

Movements in deferred tax (assets)/liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 January 2020 $'000	Recognised in profit or loss (Note 24) $'000	Acquired through business combination (Note 8) $'000	Translation adjustment $'000	At 31 December 2020 $'000	Recognised in profit or loss (Note 24) $'000	Acquired through business combination (Note 8) $'000	Translation adjustment $'000	At 31 December 2021 $'000
Group									
Deferred tax liabilities									
Property, plant and equipment	582	(1)	60	(10)	631	(85)	2,801	13	**3,360**
Intangible assets	1,649	(138)	1,111	6	2,628	(459)	2,784	(66)	**4,887**
Right-of-use assets	358	1,201	–	(13)	1,546	–	–	10	**1,556**
Others	1	(18)	221	*	204	(205)	208	–	**207**
	2,590	1,044	1,392	(17)	5,009	(749)	5,793	(43)	**10,010**
Deferred tax assets									
Property, plant and equipment	(38)	38	–	–	–	55	(414)	–	**(359)**
Provisions	(322)	(104)	–	7	(419)	(135)	(648)	(9)	**(1,211)**
Trade and other payables	(70)	(65)	–	*	(135)	–	–	–	**(135)**
Lease liabilities	(391)	(1,172)	–	13	(1,550)	178	–	(10)	**(1,382)**
	(821)	(1,303)	–	20	(2,104)	(98)	(1,062)	(19)	**(3,087)**

* Amount less than $1,000.

	At 1 January 2020 $'000	Recognised in profit or loss (Note 24) $'000	Acquired through business combination (Note 8) $'000	Translation adjustment $'000	At 31 December 2020 $'000	Recognised in profit or loss (Note 24) $'000	Acquired through business combination (Note 8) $'000	Translation adjustment $'000	At 31 December 2021 $'000
Company									
Deferred tax assets									
Property, plant and equipment	2	2	–	–	4	–	–	–	**4**
Deferred tax liabilities									
Provisions	(21)	(2)	–	–	(23)	–	–	–	**(23)**

* Amount less than $1,000.

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18 Deferred tax (Continued)

The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Deferred tax liabilities	**8,044**	3,073	**–**	–
Deferred tax assets	**(1,121)**	(168)	**(19)**	(19)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the tax losses in the table below, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

	Group			
	Gross amount	**Tax effect**	Gross amount	Tax effect
	2021	**2021**	2020	2020
	$'000	**$'000**	$'000	$'000
Tax losses	**4,791**	**1,224**	1,833	534

The Company does not have any unrecognised deferred tax assets.

19 Provisions

Group	**Warranties** **$'000**	**Site restoration** **$'000**	**Total** **$'000**
At 1 January 2020	697	474	1,171
Provisions made	1,410	180	1,590
Translation adjustment	(50)	(16)	(66)
Provisions utilised	(366)	–	(366)
Unwind of discount	–	32	32
At 31 December 2020	1,691	670	2,361
Provisions made	1,684	260	1,944
Translation adjustment	65	20	85
Provisions utilised	(5)	–	(5)
Unwind of discount	–	36	36
At 31 December 2021	**3,435**	**986**	**4,421**

	Group	
	2021	2020
	$'000	$'000
Current	**3,002**	1,490
Non-current	**1,419**	871
	4,421	2,361

The provision for warranties, on equipment sold, is based on estimates made from historical warranty data associated with similar products and services.

Provision for restoration costs is made in respect of the Group's obligation to carry out the reinstatement work to restore the leased premises to its original condition prior to vacating the premises at the end of the lease term.

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20 Share-based payment

Description of the share-based payment arrangements

At 31 December 2021, the Group has the following share-based payment arrangements:

Employee share options (equity-settled)

The AEM Holdings Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 25 April 2014 and was subsequently amended and approved by its members at the Extraordinary General Meeting held on 27 April 2017. The Scheme is administered by the Company's Remuneration Committee (the Committee) comprising the following directors:

- James Toh Ban Leng (Chairman)
- Loh Kin Wah
- Tham Min Yew

Other information regarding the Scheme is set out below:

(i) Whilst the Scheme entitles the Company to issue options at a price which is set at a discount of up to 20% to the market price (as determined by the Committee in its absolute discretion), in practice, since the commencement of the Scheme, the Company has never issued options at a discount, but at the market price (which is the price equal to the average of the last dealt price for the shares on the Singapore Exchange over the five (5) consecutive market days immediately preceding the date of grant of the option).

(ii) An option may be granted at any time at the absolute discretion of the Committee, provided that where price sensitive information is being announced, options may only be granted after the second market day from the date on which the announcement is released. The grant of an option shall be accepted within thirty days from the date of grant and not later than 5.00 p.m. on the thirtieth day from the date of grant.

(iii) The Scheme provides that where options are issued at a discount to the market price ("Discount Price Options"), such options are exercisable at any time after the second anniversary of the date of grant and before the expiry of the tenth anniversary of the relevant date of grant except that in the case of Non-Executive Directors, such options will expire on the fifth anniversary of the date of grant. However, where options are issued at the market price ("Market Price Options"), they are exercisable at any time after the first anniversary of the date of grant and before the expiry of the tenth anniversary of the relevant date of grant except that in the case of Non-Executive Directors, such options will expire on the fifth anniversary of the date of grant.

(iv) The new shares issued by the Company upon the exercise of the options shall rank in full for all dividends or other distributions declared or recommended in respect of the then existing shares and shall in all other respects rank *pari passu* with other existing shares of the Company.

(v) All options are settled by delivery of shares.

Performance Share Plan (equity-settled)

The AEM Performance Share Plan 2017 (the Plan) of the Company was approved and adopted by its members at the Extraordinary General Meeting held on 27 April 2017 to attract, recruit, retain and encourage higher performance goals and recognise achievements.

The Plan is administered by the Company's Remuneration Committee. Under the Plan, the Company has the flexibility to grant time-based or performance-based awards to participants. Both time-based and performance-based awards may be granted to the same participant simultaneously. Participants will be allotted fully paid shares after the satisfactory completion of time-based service conditions or the achievement of performance targets. No minimum vesting periods are prescribed under the Plan and awards may also be granted for past performance where the participant has performed well and/or made a significant contribution to the Company.

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20 Share-based payment (Continued)

Measurement of fair values

Employee share options (equity-settled)

The fair value of the employee share options has been measured using the Option Valuation Model. Service and non-market performance conditions attached to the arrangements were applied in the valuation of the options. The inputs used in the measurement of the fair values at grant date of the share options were as follows:

Grant Date	1 Apr 20	7 Oct 19	15 Jan 19	23 Aug 17	27 Feb 17
Fair value at grant date	$0.620 - $0.730	$0.407 - $0.483	$0.260 - $0.320	$0.148 - $0.180	$0.038 - $0.045
Share price at grant date	$1.640	$1.140	$0.900	$0.635*	$0.198*
Exercise price	$1.652	$1.142	$0.890	$0.627*	$0.196*
Expected volatility (weighted average)	63.00%	60.00%	50.00%	40.00%	40.00%
Expected life (years)	3-5	3-5	3-5	3-5	3-5
Expected dividend yield	2.65%	2.65%	2.00%	2.45%	2.45%
Risk-free interest rate (based on government bonds)	1.561 - 1.574	1.561 - 1.574	1.930 - 2.000	1.490 - 1.680	1.386 - 1.693

* Prices were adjusted for the bonus share issue in June 2018.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

During the year, the Group recognised $586,000 (2020: $1,161,000) expenses for share options granted.

Performance Share Plan (equity-settled)

The weighted average fair value of the shares was $3.67 (2020: $3.63) per share, based on the closing share price of the Company at the grant date (2020: closing share price of the Company at the grant date).

During the year, the Group recognised $170,000 for the performance shares granted on 18 June 2021 to two employees.

For the corresponding period in 2020, the Group recognised the following:

- $699,000 for the second tranche (637,334 of 1,301,000 performance shares granted on 7 October 2019) subsequent to the achievement of the second year target over the three-year performance period from 2019 to 2021; and

- $23,000 for the performance shares granted on 29 September 2020 to an employee.

20 Share-based payment (Continued)

Reconciliation of outstanding share options

Movements in the number of share options and their related weighted average exercise prices are as follows:

	Weighted average exercise price	**No. of options**	Weighted average exercise price	No. of options
	2021	**2021**	2020	2020
	$	**'000**	$	'000
Outstanding at 1 January	**0.183**	**5,668**	0.994	9,226
Granted during the year		**–**	1.652	621
Exercised during the year	**1.128**	**(2,283)**	0.838	(4,113)
Forfeited during the year	**1.142**	**(676)**	0.779	(66)
Outstanding at 31 December	**1.240**	**2,709**	1.183	5,668
Exercisable at 31 December	**1.178**	**1,471**	1.108	2,498

The options outstanding at 31 December 2021 have an exercise price in the range of $0.890 to $1.652 (2020: $0.627 to $1.652) and a weighted average contractual life of 7.8 years (2020: 8.8 years).

	Group and Company	
	2021	2020
	$'000	$'000
Share compensation reserve		
At 1 January	**3,288**	5,808
Shares options granted	**586**	1,161
Settlement of share-based payment transactions	**(1,822)**	(4,403)
Share-based payment transactions	**170**	722
At 31 December	**2,222**	3,288

Expense recognised in statement of comprehensive income

For details on the related employee benefits expenses, see note 25.

21 Defined benefit obligations

Changes in present value of defined benefit obligations are as follows:

	Group
	2021
	$'000
At 1 January	**–**
Acquisition through business combination	**1,117**
Interest cost	**68**
Current service cost	**51**
Past service cost	**(414)**
Actual benefit payment	**(58)**
Actuarial gains and losses arising from experience adjustments	**198**
Actuarial gains and losses arising from changes in financial assumptions	**(61)**
Exchange differences	**58**
At 31 December	**959**

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21 Defined benefit obligations (Continued)

The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2021
	%
Discount rate	**7.12**
Salary increment rate	**5.00**
Mortality rate	***TMI – 2019**
Disability rate	**0.5% of *TMI - 2019**
Resignation rate	**6.5%**
Actuarial costing method	**Projected unit credit**
Normal retirement age	**57 years old**

* Tabel Mortalita Indonesia 2019 (TMI - 2019) issued by Indonesia Life Insurance Association (AAJI) serves as a reference for mortality rates in Indonesia.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase / decrease	**Present value of the defined benefit obligations**
		$'000
Discount rate	+ 1%	869
	- 1%	1,063
Salary increment rate	+ 1%	1,064
	- 1%	867

The average duration of the defined benefit obligations at the end of the reporting period is 18 years.

22 Revenue

	Group	
	2021	2020
	$'000	$'000
Revenue from contracts with customers		
- Sale of goods	**535,014**	489,571
- Services	**30,448**	29,388
	565,462	518,959

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

22 Revenue (Continued)

Sale of goods

Nature of goods	Machines, equipment and components
When revenue is recognised	***Machines, equipment and components, excluding prototype machines*** Revenue from the sale of machines, equipment and components are recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. ***Prototype machines*** The Group has assessed that revenue from the sale of prototype machines qualifies for revenue recognition over time as the prototype machines are highly customised and have no alternative use for the Group, and the Group generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract.
Significant payment terms	***Machines, equipment and components, excluding prototype machines*** Payment is due between 30 days to 60 days upon delivery of the goods to the customers. ***Prototype machines*** Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value for the achievement exceeds payments received from the customer, a contract asset is recognised. Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.
Obligations for warranties	All products come with warranty terms of one to two years, under which customers are able to return and replace any defective products. The Group reviews its estimate of warranties and records a provision for its obligations for warranties (see note 19).

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs would be amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred. The Group has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less. As at 31 December 2021, $373,000 (2020: $1,234,000) of costs incurred to fulfil a contract were capitalised.

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22 Revenue (Continued)

Services

Nature of services	Field service support and non-recurring engineering services
When revenue is recognised	Revenue is recognised over time as services are being rendered. Where applicable the Group applies the practical expedient to recognise revenue in the amount to which the Group has a right to invoice as the Group has a right to consideration from the customers in an amount that corresponds directly with the value to the customer of the Group's performance completed to date.
Significant payment terms	Invoices are issued once services are provided on a monthly or quarterly basis and due within 30 days of invoice date.

The Group accounts for modifications to the scope or price of a contract as separate contracts if the modification adds distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations to be satisfied. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises as a cumulative adjustment to revenue at the date of modification.

Disaggregation of revenue from contracts with customers

The disaggregation of revenue from contracts with customers is disclosed in note 28 with the Group's reportable segments. The following table disaggregates revenue by the timing of revenue recognition:

	Group	
	2021	2020
	$'000	$'000
Timing of revenue recognition		
Products transferred at a point in time	**540,261**	489,616
Products and services transferred over time	**25,201**	29,343
	565,462	518,959

Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers:

	Group	
	2021	2020
	$'000	$'000
Contract assets	**692**	3,123
Contract liabilities	**(11,861)**	(2,806)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on prototype machines. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to advanced consideration received from customers for sale of machines.

22 Revenue (Continued)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

	Contract assets		Contract liabilities	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**2,806**	3,688
Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(11,861)**	(2,806)
Contract asset reclassified to trade receivables	**(3,123)**	(4,856)	**–**	–
Recognition of revenue, net of receivables recognised	**692**	3,123	**–**	–

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

There is no revenue (2020: $Nil) expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date which is expected to be recognised beyond 2022 (2020: 2021).

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

23 Net finance (costs)/income

	Group	
	2021	2020
	$'000	$'000
Interest income on fixed deposits	**15**	330
Other interest income	**389**	342
Finance income	**404**	672
Interest expense on lease liabilities	**(373)**	(173)
Interest expense on unsecured bank loans	**(1,234)**	(11)
Interest expense on bank overdraft	**(4)**	(8)
Accretion of interest	**(82)**	–
Unwind of discount on site restoration provision	**(36)**	(32)
Finance costs	**(1,729)**	(224)
Net finance (costs)/income	**(1,325)**	448

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24 Tax expense

	Group	
	2021	2020
	$'000	$'000
Current tax expense		
Current year	**19,310**	16,880
Under/(Over)provision in prior years	**392**	(403)
	19,702	16,477
Deferred tax expense		
Origination and reversal of temporary differences	**(651)**	(177)
Overprovision in prior year	**–**	(82)
	(651)	(259)
Total tax expense	**19,051**	16,218
Reconciliation of effective tax rate		
Profit before tax	**111,142**	113,805
Income tax using Singapore tax rate of 17% (2020: 17%)	**18,894**	19,347
Effect of different tax rates in other countries	**385**	822
Effect of results from equity-accounted investee presented net of tax	**(109)**	(15)
Tax exempt income	**(531)**	(2,550)
Tax incentives	**(2,914)**	(2,538)
Expenses not deductible for tax purposes	**1,766**	908
Under/(Over)provision in prior years	**392**	(485)
Change in unrecognised temporary differences	**–**	5
Current year losses for which no deferred tax asset was recognised	**1,224**	534
Others	**(56)**	190
	19,051	16,218

25 Profit for the year

The following items have been included in arriving at profit for the year:

	Group	
	2021	2020
	$'000	$'000
Audit fees paid/payable to:		
- auditors of the Company	**462**	292
- other auditors	**49**	65
Non-audit fees paid/payable to auditors of the Company	**48**	63
Allowance for stock obsolescence	**39**	76
Staff costs	**88,833**	67,536
Contributions to defined contribution plans included in staff costs	**6,071**	3,764
Contributions to defined benefit plans included in staff costs	**(139)**	–
Directors' fees	**624**	422
Equity-settled share-based payment expenses	**756**	1,883
Remeasurement of deferred and contingent consideration (see note 17)	**542**	1,814
Net foreign exchange (gain)/loss	**(1,891)**	803
Loss on disposal of property, plant and equipment	**535**	–
Gain on dilution of interests in an associate	**(522)**	–
Gain on disposal of an associate	**(96)**	–
Government grant income	**(1,421)**	(3,250)
Provision made for:		
- site restoration	**260**	180
- warranties	**1,684**	1,410
Legal and professional fees	**11,113**	5,116
Staff costs, materials, overheads and depreciation expense included in research and development costs	**19,935**	11,441

Government grant income

Included in the government grants is $628,000 (2020:$2,283,000) relating to a wage subsidy programme introduced in Singapore in response to the COVID-19 coronavirus pandemic, out of which $469,000 was recognised as deferred income as at 31 December 2020. The grant was recognised in profit or loss in 'other income' as the related wages and salaries for the employees were recognised in 'staff costs' over the period of economic uncertainty as defined under the programme.

26 Earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	Group	
	2021	2020
	$'000	$'000
Basic and diluted earnings per share has been based on:		
Profit attributable to ordinary shareholders	**91,951**	97,587

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26 Earnings per share (Continued)

Weighted average number of ordinary shares

	Group	
	2021	2020
	'000	'000
Issued ordinary shares at 1 January (excluding treasury shares)	**275,558**	269,767
Issue of new ordinary shares	**13,876**	3,555
Effect of performance shares issued	**478**	1,350
Effect of share options exercised	**–**	901
Effect of shares issued for settlement of deferred and contingent consideration	**–**	327
Effect of own shares held	**(526)**	(959)
Weighted average number of ordinary shares (basic) during the year	**289,386**	274,941

Weighted average number of ordinary shares (diluted)

	Group	
	2021	2020
	'000	'000
Weighted average number of ordinary shares (basic)	**289,386**	274,941
Effect of share options on issue	**1,668**	2,310
Effect of performance shares granted but not issued	**–**	637
Weighted average number of ordinary shares (diluted) during the year	**291,054**	277,888

At 31 December 2020, 400,000 shares relating to the contingent consideration for the acquisition of InspiRain were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

27 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, there were the following transactions with related parties:

	Group	
	2021	2020
	$'000	$'000
Advisory fee paid to a private equity firm of which two directors are shareholders and partners	**60**	240
Advisory fees paid to directors	**80**	–

27 Significant related party transactions (Continued)

Key management personnel compensation

Key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and the senior management team of the Company are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	Group	
	2021	2020
	$'000	$'000
Short-term employee benefits	**4,451**	6,945
Share-based payment	**1,078**	1,660
Post-employment benefits	**131**	176
	5,660	8,781
Directors' fees	**624**	422

28 Segment information

Segment information is presented based on the information reviewed by chief operating decision makers ("**CODM**") for performance assessment and resource allocation.

In conjunction with the completion of several acquisitions in recent years and on-going integration of businesses, the Group changed the way management monitors the performance of the business and determined that the following business segments are more reflective of the Group's operations for the purposes of performance assessment and resource allocation:

- Test Cell Solutions (TCS)

  Providing customised system solutions involving precise high speed motion and innovative mechanical design to both mass volume manufacturers and new technology development laboratories and test solutions for Micro-Electro-Mechanical Systems (MEMS) and special wafer probing needs ranging from the research and development phase to high volume production and system-level testing which enables manufacturers to achieve the lowest cost-of-test, reduced time to market, effective process cycle, accurate stimulus, and high production yields.

- Instrumentation (INS)

  Engages in the research, development, and production of advanced communications and industrial test solutions and providing solutions that bridge the growing gap between user applications and standard ATE coverage with complex IC designs and advanced packaging techniques. It enables testing complex devices in their real end-user environment including extreme temperature range.

- Contract Manufacturing (CM)

  Contract manufacturer of Printed Circuit Board Assembly ("PCBA"), Wire-Harness & Interconnect systems, Box Build and Equipment Manufacturing.

- Others

  Non allocated, dormant companies and other activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on mutually agreed terms.

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28 Segment information (Continued)

Information about reportable segments:

	TCS $'000	INS $'000	CM $'000	Others $'000	Total $'000
2021					
Revenue	**434,222**	**7,755**	**123,485**	**–**	**565,462**
Depreciation and amortisation	**(6,835)**	**(1,922)**	**(1,412)**	**(4,317)**	**(14,486)**
Finance income	**391**	**–**	**12**	**1**	**404**
Finance costs	**(1,507)**	**(13)**	**(34)**	**(175)**	**(1,729)**
Tax (expense)/credit	**(19,782)**	**1,464**	**(1,441)**	**708**	**(19,051)**
Share of gain of equity-accounted investee	**–**	**–**	**–**	**644**	**644**
Profit/(loss) for the year	**94,250**	**(3,344)**	**8,954**	**(7,769)**	**92,091**
Reportable segment assets	**378,832**	**29,656**	**172,150**	**129,860**	**710,498**
Reportable segment liabilities	**214,250**	**6,577**	**66,732**	**20,425**	**307,984**
Other segment information					
Equity-accounted investee	**–**	**–**	**–**	**15,887**	**15,887**
Expenditure for non-current assets	**8,106**	**7,084**	**1,265**	**313**	**16,768**
Other material non-cash items:					
- Allowance made for stock obsolescence	**(13)**	**(22)**	**(4)**	**–**	**(39)**
- Remeasurement of deferred and contingent consideration in relation to the acquisition of InspiRain	**–**	**–**	**–**	**(542)**	**(542)**

	TCS $'000	INS $'000	CM $'000	Others $'000	Total $'000
2020					
Revenue	507,086	6,353	5,520	–	518,959
Depreciation and amortisation	(5,806)	(1,008)	(310)	(1,291)	(8,415)
Finance income	667	1	4	–	672
Finance costs	(180)	(11)	(1)	(32)	(224)
Tax (expense)/credit	(17,216)	844	(138)	292	(16,218)
Share of gain of equity-accounted investee	–	–	–	199	199
Profit/(loss) for the year	100,684	(1,667)	897	(2,327)	97,587
Reportable segment assets	291,894	20,739	5,900	16,986	335,519
Reportable segment liabilities	98,864	4,958	2,316	17,951	124,089

28 Segment information (Continued)

	TCS $'000	INS $'000	CM $'000	Others $'000	Total $'000
2020					
Other segment information					
Equity-accounted investee	–	–	–	4,680	4,680
Expenditure for non-current assets	3,969	57	69	1,143	5,238
Other material non-cash items:					
- Allowance made for stock obsolescence	(75)	–	(1)	–	(76)
- Remeasurement of deferred and contingent consideration in relation to the acquisition of InspiRain	–	–	–	(1,814)	(1,814)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	2021		2020	
	Revenue	**Non-current assets**	Revenue	Non-current assets
	$'000	**$'000**	$'000	$'000
Singapore	**53,707**	**127,303**	3,417	46,406
Malaysia	**132,161**	**3,271**	140,787	3,850
China	**51,449**	**515**	68,504	410
USA	**99,154**	**8,587**	58,295	5,408
Vietnam	**74,411**	**1,028**	140,460	–
Germany	**14,136**	**–**	38	–
Costa Rica	**107,762**	**276**	90,853	290
Finland	**8,160**	**8,503**	4,210	8,443
France	**1,851**	**9,624**	1,500	4,323
United Kingdom	**7,756**	**–**	1,225	–
Other countries	**14,915**	**1,279**	9,670	–
	565,462	**160,386**	518,959	69,130

Major customers

Revenue from one customer of the Group's Test Cell Solutions segment represents approximately $406,203,000 (2020: $493,595,000) of the Group's total revenues.

29 Financial risk management

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

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FINANCIAL STATEMENTS

29 Financial risk management (Continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with regulated banks.

Trade and other receivables (excluding deposits and prepayments) and contract assets

The Group's most significant customer has been transacting with the Group for many years, and none of the customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including industry, trade history with the Group, aging profile, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

At the reporting date, the Group's most significant customer accounted for 55% (2020: 85%) of total trade receivables of the Group. There is no other concentration of credit risk at the Group level. There is no concentration of customers' credit risk at the Company level.

The following table provides information about the exposure to credit risk for trade and other receivables (excluding deposits and prepayments) and contract assets:

	Gross and net carrying amount	
	2021	2020
	$'000	$'000
Group		
Trade receivables	**106,724**	42,361
Other receivables	**17,117**	3,281
Contract assets	**692**	3,123
	124,533	48,765

	Credit impaired	Gross	Loss allowance	Net carrying amount
		$'000	$'000	$'000
Group				
31 December 2021				
Trade receivables	**No**	**106,724**	**–**	**106,724**
Trade receivables	**Yes**	**55**	**(55)**	**–**
Other receivables	**No**	**17,117**	**–**	**17,117**
		123,896	**(55)**	**123,841**

29 Financial risk management (Continued)

There was no impairment loss recognised on trade and other receivables and contract assets in 2020 as the amount of ECL on these balances is insignificant.

	Credit impaired	Gross $'000	Loss allowance $'000	Net carrying amount $'000
Company				
31 December 2021				
Amounts due from subsidiaries:				
- Trade	**No**	**5,133**	**–**	**5,133**
- Trade	**Yes**	**226**	**(226)**	**–**
- Non-trade	**No**	**26,077**	**–**	**26,077**
- Non-trade	**Yes**	**1,294**	**(1,294)**	**–**
		32,730	**(1,520)**	**31,210**
31 December 2020				
Amounts due from subsidiaries:				
- Trade	No	934	–	934
- Trade	Yes	226	(226)	–
- Non-trade	No	8,090	–	8,090
- Non-trade	Yes	1,294	(1,294)	–
		10,544	(1,520)	9,024

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021 $'000
Group	
Balance at 1 January	**–**
Acquired through business combination	**55**
Balance at 31 December	**55**

Movements in allowance for impairment in respect of trade amounts due from subsidiaries

The movement in the allowance for impairment in respect of trade amounts due from subsidiaries during the year was as follows:

	2021 $'000	2020 $'000
Company		
Balance at 1 January	**1,520**	1,420
Impairment loss recognised	**–**	100
Balance at 31 December	**1,520**	1,520

In 2020, the Company recognised an impairment of $100,000 on an amount due from a subsidiary as the subsidiary continued to incur losses for the year.

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29 Financial risk management (Continued)

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $26,077,000 (2020: $8,090,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. Other than credit-impaired balances, the amount of the allowance on the remaining balances is insignificant.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $216,180,000 and $115,794,000, respectively at 31 December 2021 (2020: $134,785,000 and $8,944,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa1 to A2, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured using the general expected loss approach where loss allowance equal to 12-month expected credit losses. An ECL rate is calculated for based on probabilities of default and loss given default. Probabilities of default are based on historical data supplied by Moody's for each credit rating. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments.

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
Group					
31 December 2021					
Lease liabilities	**18,000**	**(19,734)**	**(7,960)**	**(8,432)**	**(3,342)**
Unsecured bank loans	**63,273**	**(64,740)**	**(13,329)**	**(51,411)**	**–**
Trade and other payables	**157,596**	**(157,596)**	**(156,033)**	**(1,563)**	**–**
	238,869	**(242,070)**	**(177,322)**	**(61,406)**	**(3,342)**
31 December 2020					
Lease liabilities	9,419	(10,130)	(3,717)	(5,703)	(710)
Unsecured bank loans	1,868	(1,878)	(1,541)	(337)	–
Trade and other payables	64,349	(64,393)	(61,299)	(3,094)	–
	75,636	(76,401)	(66,557)	(9,134)	(710)
Company					
31 December 2021					
Trade and other payables	**6,127**	**(6,127)**	**(4,564)**	**(1,563)**	**–**
31 December 2020					
Trade and other payables	7,821	(7,865)	(5,240)	(2,625)	–

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

29 Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

(a) *Foreign currency risk of reporting subsidiaries*

The functional currency of the Group's key operating subsidiary is in US dollar (USD) as the sales revenues are mostly denominated in the US dollar. This subsidiary accounts for a substantial proportion of the Group's revenue and has transactional currency exposures arising from materials purchases and local operating overheads that are denominated in currencies other than US dollar. The primary currency giving rise to this exposure is mainly the Singapore dollar.

Exposure to foreign currency transaction risk is monitored on an on-going basis and the Group endeavours to manage its exposure through adjustments of its products selling prices and natural hedges by sourcing supplies in the same functional currency. Currencies other than the US dollar are bought as and when required.

Foreign currency translation exposure arises when the monetary assets and liabilities of the key operating subsidiary denominated in currencies other than the US dollar at the reporting date are translated to the US dollar functional currency at the exchange rate at the reporting date. The currency with the primary translation risk is the Singapore dollar for the US dollar functional currency subsidiary.

The Group seeks to minimise the foreign currency translation impact through natural hedges in its statement of financial position and by structuring the debts and purchases in US dollar to neutralise and minimise the amount of the foreign currency balances.

(b) *Foreign currency risk of the Group and Company*

The Group's and Company's primary exposure to foreign currency risks are as follows:

	2021		2020	
	SGD	**USD**	SGD	USD
Group	**$'000**	**$'000**	$'000	$'000
Trade and other receivables	**15,934**	**38,319**	623	211
Cash and cash equivalents	**29,190**	**8,790**	27,334	472
Trade and other payables	**(51,311)**	**(27,587)**	(22,897)	(167)
Unsecured bank loan	**(49,986)**	**–**	–	–
	(56,173)	**19,522**	5,060	516
Company				
Cash and cash equivalents	**–**	**197**	–	92

Sensitivity analysis

A 10% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Group		**Company**	
	Profit before tax		**Profit before tax**	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
SGD	**5,617**	(506)	**–**	–
USD	**(1,952)**	(52)	**(20)**	(9)

NOTES TO THE
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29 Financial risk management (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

(b) *Foreign currency risk of the Group and Company (Continued)*

A 10% weakening of the Group's major functional currencies against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(c) *Translation risk arising from reporting of Group consolidated results in SGD*

The Group reports its consolidated results in SGD. The assets and liabilities of the operations, denominated in foreign currencies, are translated to Singapore dollars at exchange rates prevailing at the reporting date. Exchange differences arising on such translation are recognised directly in equity. The currencies giving rise to this risk are primarily the US dollar and secondarily the Malaysian Ringgit (MYR), Chinese Renminbi (RMB) and Euro (EUR). The Group does not hedge its foreign currency consolidation translation exposure.

The Group's exposure to foreign currency translation risk was as follows:

	Group	
	2021	2020
Net assets	**$'000**	$'000
USD	**237,528**	162,675
MYR	**15,950**	10,751
RMB	**2,580**	1,483
EUR	**18,301**	10,751

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would decrease net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Group	
	2021	2020
	$'000	$'000
USD (10% strengthening)	**(23,753)**	(16,268)
MYR (10% strengthening)	**(1,595)**	(1,075)
RMB (10% strengthening)	**(258)**	(148)
EUR (10% strengthening)	**(1,830)**	(1,075)

Interest rate risk

Interest rate risks is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and Company's interest rate risks relates to interest bearing assets and liabilities (including fixed deposits, bank loans and lease liabilities).

Given the low interest rate environment, the impact of any interest change is not expected to be significant on the profit or loss of the Group and Company.

29 Financial risk management (Continued)

Accounting classification and fair values

Other than other investments, deferred and contingent consideration that is classified as mandatorily at FVTPL and measured at fair value, all of the Group's and Company's financial assets and financial liabilities are classified as financial assets measured at amortised cost and other financial liabilities at amortised cost respectively.

Other than the measurement of the fair value of other investments, deferred and contingent consideration as described below, the carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Measurement of fair value

Other investments

Other investments of $2,607,000 (2020:$Nil) is measured based is measured based on the present value of the cash consideration.

Deferred consideration

Deferred consideration of $759,000 (2020: $1,556,000) is measured based on the present value of the cash consideration.

Contingent consideration

Contingent consideration of $2,387,000 (2020: $5,717,000) is measured at fair value (Level 3). The following table shows the valuation technique used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group and Company Contingent consideration	*Discounted cash flow:* The fair value is estimated considering (i) quoted prices for the Group's listed securities and (ii) the probability of achieving targets for the remaining years based on the present value of expected future cash flows from the test and measurement solutions segment, discounted using a risk-adjusted discount rate.	• Expected cash flows • Probability of achieving targets	The estimated fair value would decrease if the expected cash flows were lower, resulting in the targets not achieved.

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group		**Company**	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**5,717**	2,373	**5,717**	2,373
Payment of shares consideration	**(3,284)**	(868)	**(3,284)**	(868)
Payment of cash consideration	**(831)**	–	**(831)**	–
Remeasurement of contingent consideration	**542**	1,237	**542**	1,237
Recognition of contingent consideration relating to acquisition during the year	**–**	2,975	**–**	2,975
Translation adjustment	**243**	–	**243**	–
At 31 December	**2,387**	5,717	**2,387**	5,717

NOTES TO THE
FINANCIAL STATEMENTS

30 Subsequent events

a) The Board of Directors of the Company has recommended a final tax exempt one-tier dividend of 5.0 cents per share for the year. The total amount of dividends expected to be paid is $15,482,000. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the proposed final dividend will be payable on 31 May 2022.

b) On 24 February 2022, the Group announced that the Company and two of its subsidiaries ("**AEM Entities**") are respondents in a confidential arbitration (the "Arbitration"). Under the rules of the arbitral body (JAMS) and the applicable protective order, the details of the Arbitration are confidential.

The AEM Entities have sought legal advice from their legal advisers in the United States of America, and have been advised that based on a preliminary analysis, the claims appear to lack factual and/or legal support.

The Arbitration is still at an early stage and the claimant has not provided any quantification for its demands for relief. The arbitration hearing is currently expected to conclude in 2023. The Company is working with its legal advisers to monitor the progress of the Arbitration and will update its shareholders on material developments on this matter as necessary and where appropriate. In the meantime, the Group's operations are unaffected by the Arbitration.

c) On 25 February 2022, the Group announced the grant of awards ("**Awards**") of ordinary shares in the capital of the Company ("**Shares**") pursuant to the performance share award under the AEM Performance Share Plan 2017. The grant of the Awards of performance shares is to give recognition and form part of the compensation package to retain and motivate management towards achieving growth and profitability for the Company.

31 Offsetting financial instruments

There are no financial assets and liabilities that are offset in the Company's statement of financial position; or are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

32 Comparative information

During the year, the Group modified the presentation of the consolidated statement of comprehensive income to classify expenses by function. Comparative amounts in the statement of comprehensive income were restated for consistency.

Since the amounts are reclassifications within the consolidated statement of comprehensive income, this reclassification did not have any effect on the statements of financial position and consolidated statements of cash flows.

STATISTICS OF SHAREHOLDINGS AS AT 17 MARCH 2022

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	119	1.28	5,108	0.00
100 - 1,000	2,231	24.05	1,584,671	0.51
1,001 - 10,000	5,422	58.45	23,139,013	7.49
10,001 - 1,000,000	1,481	15.96	62,121,034	20.09
1,000,001 AND ABOVE	24	0.26	222,304,880	71.91
TOTAL	**9,277**	**100.00**	**309,154,706**	**100.00**

Number of issued shares	: 311,562,486
Number of issued shares (excluding treasury shares)	: 309,154,706
Number/Percentage of Treasury Shares	: 2,407,780 (0.77%)
Class of shares	: ordinary shares
Voting rights	: one vote per share

Based on information available and to the best knowledge of the Company as at 17 March 2022, approximately 75.64% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is compiled with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	46,124,808	14.92
2	CITIBANK NOMINEES SINGAPORE PTE LTD	38,284,440	12.38
3	VENEZIO INVESTMENTS PTE LTD	34,246,300	11.08
4	RAFFLES NOMINEES (PTE.) LIMITED	26,137,826	8.45
5	TON BAN LENG JAMES	11,000,000	3.56
6	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	10,828,500	3.50
7	DBSN SERVICES PTE. LTD.	9,046,617	2.93
8	HSBC (SINGAPORE) NOMINEES PTE LTD	8,260,318	2.67
9	MAYBANK SECURITIES PTE. LTD.	7,205,336	2.33
10	PHILLIP SECURITIES PTE LTD	5,780,690	1.87
11	IFAST FINANCIAL PTE. LTD.	3,495,976	1.13
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,982,684	0.96
13	DB NOMINEES (SINGAPORE) PTE LTD	2,617,400	0.85
14	OCBC SECURITIES PRIVATE LIMITED	2,378,143	0.77
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,330,854	0.75
16	UOB KAY HIAN PRIVATE LIMITED	1,913,032	0.62
17	ONG ENG BOON	1,860,000	0.60
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,561,514	0.51
19	RONIE TAN CHOO SENG	1,200,000	0.39
20	A C T HOLDINGS PTE LTD	1,196,772	0.39
	TOTAL	**218,451,210**	**70.66**

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDER	DIRECT INTEREST	%	DEEMED INTEREST	%
Venezio Investments Pte. Ltd. (“**Venezio**”)	34,246,300	11.08	–	–
Napier Investments Pte. Ltd. (“**Napier**”) (1)	–	–	34,246,300	11.08
Tembusu Capital Pte. Ltd. (“**Tembusu**”) (2)	–	–	35,062,400	11.34
Temasek Holdings (Private) Limited (“**Temasek**”) (3)	–	–	35,062,400	11.34
abrdn plc (“**abrdn**”) (4)	–	–	18,738,000	6.06
Aberdeen Asset Management PLC (“**AAM**”) (5)	–	–	18,738,000	6.06
abrdn Asia Limited (6)	–	–	18,738,000	6.06

(1) Napier is the holding company of Venezio and is deemed to be interested in the Shares in which Venezio has an interest.

(2) Tembusu is deemed interested in (i) the 34,246,300 Shares held by Venezio and (ii) the 816,100 Shares held by SeaTown Holdings Pte. Ltd., which is an independently-managed Temasek portfolio company. Temasek is not involved in its business or operating decisions, including those regarding its positions in Shares.

(3) Temasek is deemed interested in (i) the 34,246,300 Shares held by Venezio and (ii) the 816,100 Shares held by SeaTown Holdings Pte. Ltd.

(4) abrdn plc is the parent company of its subsidiaries (the “**Aberdeen Group**”) on behalf of the accounts managed by the Aberdeen Group. Abrdn is deemed interested in the 18,738,000 Shares held under the accounts managed by the Aberdeen Group.

(5) AAM is the parent company of its subsidiaries who act as the investment managers for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities. The registered holder(s) of the securities is the client’s or fund’s custodian. AAM is a wholly-owned subsidiary of abrdn and the parent company of abrdn Asia Limited.

(6) abrdn Asia Limited acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the 18,738,000 Shares held and has the power to dispose of, or control the disposal of, such Shares. The registered holder(s) of such Shares is the client’s or fund’s custodian. Abrdn Asia Limited is a wholly-owned subsidiary of AAM.

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting (the "**AGM**") of the Company will be held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 with the Auditors' Report thereon. **Resolution 1**

2. To declare a final tax exempt (one-tier) dividend of 5.0 Singapore cents per ordinary share for the financial year ended 31 December 2021. **Resolution 2**

3. To note that Mr. Lavi Alexander Lev will be retiring pursuant to Regulation 109 of the Company's Constitution and he will not be seeking re-election at this AGM.

4. To re-elect the following Director retiring pursuant to the Company's Constitution: **Resolution 3**

   Mr. Loh Kin Wah (Regulation 109)

5. To re-elect the following Director retiring pursuant to the Company's Constitution: **Resolution 4**

   Ms. Chou Yen Ning @ Alice Lin (Regulation 119)

6. To re-elect the following Director retiring pursuant to the Company's Constitution: **Resolution 5**

   Mr. Tham Min Yew (Regulation 119)

7. To approve the Directors' fees of S$860,000 (2021: S$648,000) for the financial year ending 31 December 2022, payable quarterly in arrears. **Resolution 6**

   (See Explanatory Note (i))

8. To re-appoint KPMG LLP as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without modifications:

9. **Proposed Share Issue Mandate** **Resolution 8**

   "That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Ordinary Resolution is in force,

   provided that:

   (A) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (A) above, the percentage of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares,

provided further that adjustments in accordance with sub-paragraphs B(i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

(C) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(D) unless revoked or varied by the Company in a general meeting, such authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held whichever is earlier."

(See Explanatory Note (ii))

10. **Share Purchase Mandate Renewal** **Resolution 9**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act as may be amended from time to time, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST and/or any other stock exchange on which the Shares may from the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) if effected otherwise than on the SGX-ST or, as the case may be, other Exchange in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may, in their absolute discretion, deem fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held; or

(ii) the date by which the next AGM of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate have been carried out to the full extent mandated; and

(c) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and to do all such acts and things (including executing such documents as may be required) as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

In this Ordinary Resolution:

"Maximum Limit" means that number of issued Shares representing ten per centum (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this Ordinary Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, one hundred and five per centum (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per centum (110%) of the Average Closing Price of the Shares.

where:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant five-day period and the day of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase; and

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase."

(See Explanatory Note (iii))

11. To transact any other business which may be properly transacted at an AGM.

<u>Explanatory Notes:</u>

(i) The proposed Ordinary Resolution 6 above, if passed, will facilitate the Company in making payment of Directors' fees during the financial year in which the fees are incurred, that is, during the financial year ending 31 December 2022 ("**FY2022**") (S$648,000 for the previous financial year). The Directors' fees for the non-executive Directors are calculated based on, among other things, the number of expected Board and Committee meetings for FY2022 and the number of Directors expected to hold office during the course of that year. In the event that the amount proposed is insufficient, approval will be sought at the next AGM for payments to meet the shortfall.

The remuneration framework for Directors' fees for FY2022 remains unchanged from that for FY2021 except that with effect from 1 January 2022, the Chairman of the Board will receive an all-in Chairman's fee of S$343,000, which explains the slight increase in Directors' fees.

In arriving at the proposed fee of S$343,000 for the Chairman, the Board (at the recommendation of the Remuneration Committee, with the Chairman abstaining from the Board's deliberations), took into account (inter alia) the greater commitment required of the Chairman in spending time outside regular Board and Board Committee meetings to guide and provide oversight to the Company and its Management, the increased amount of time the Chairman spends on the Company's matters, including input and guidance on strategic issues as well as supporting Management in maintaining communications with stakeholders, the familiarity which the Chairman has with Management and their work and development and the Directors' fee structure in comparable listed companies in Singapore that have chairmen with similar roles and responsibilities. With the introduction of the new all-in Chairman's fee, the Chairman will not receive the Directors' basic yearly retainer fee, nor any further fees or allowances for serving as a chairman or member of any Board Committees.

In determining the amount of the all-in Chairman's fee, the Remuneration Committee made reference to benchmark ratios of all-in Chairman's fees relative to the average non-executive Directors' fees of relevant listed companies in Singapore which had similar active Chairman commitments, as provided by the external consultant, Willis Towers Watson.

The aggregate fees paid to the Directors for FY2021 was S$624,000. Additional information on the Directors' fees can be found under 'Corporate Governance' in the Company's Annual Report 2021.

Shareholders' approval is required for the Directors' fees pursuant to the Companies Act and the Constitution of the Company.

(ii) The proposed Ordinary Resolution 8 above, if passed, will (unless varied or revoked by the Company in general meeting) empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to ten per centum (10%) may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The proposed Ordinary Resolution 9 above, if passed, will, unless varied or revoked by the Company in general meeting, empower the Directors of the Company from the date of the AGM until the conclusion of the next AGM of the Company, or the date by which the next AGM is required by law to be held, whichever is the earlier, to make on-market and off-market purchases or acquisitions of ordinary shares of the Company up to 10% 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 this Ordinary Resolution at a Maximum Price (as defined in Ordinary Resolution 9 above). Detailed information on the Share Purchase Mandate (as defined in Resolution 9 above) is set out in the Letter to Shareholders dated 12 April 2022.

NOTICE OF RECORD DATE AND DISTRIBUTION PAYMENT DATE

As stated in the Notice of Record Date and Distribution Payment Date set out in the Company's announcement dated 25 February 2022, the Company wishes to notify shareholders that the Register of Members and Share Transfer Books of AEM Holdings Ltd. (the "**Company**") will be closed on 17 May 2022 for the purpose of determining members' entitlements to a final tax exempt (one-tier) dividend of 5.0 Singapore cents per ordinary share in respect of the financial year ended 31 December 2021 ("**Proposed Final Dividend**"). The Proposed Final Dividend, if approved by shareholders at the 2022 AGM, will be paid on 31 May 2022.

Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to the close of business at 5.00 p.m. on 17 May 2022 will be registered to determine members' entitlements to the Proposed Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 17 May 2022 will be entitled to the Proposed Final Dividend.

In respect of shares in Securities Accounts with CDP, the Proposed Final Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

By Order of the Board

Leong Sook Han
Joint Company Secretary

Date: 12 April 2022

Notes:

1. The AGM is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of AGM will be sent to members by electronic means via publication on the Company's website at the URL https://www.aem.com.sg/announcements and the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice of AGM, together with the Proxy Form and the Alternative Arrangements Announcement (as defined below), will also be sent by post to shareholders.

2. Alternative arrangements relating to, among others, attendance at the AGM via electronic means, submission of questions in advance, addressing of substantial and relevant questions prior to or at the AGM and/or voting by appointing the Chaiman as proxy at the AGM are set out in the Company's accompanying announcement dated 12 April 2022 (the "**Alternative Arrangements Announcement**") which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Alternative Arrangements Announcement may also be accessed at the Company's website at the URL https://www.aem.com.sg/announcements.

3. In particular, the AGM will be broadcasted live through an audio-visual webcast and an audio-only feed. Members and investors holding shares in the Company through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") who wish to follow the proceedings through a live webcast via their mobile phones, tablets or computers or listen to the proceedings through a live audio feed via telephone must pre-register by 3.00 p.m. on 25 April 2022 (the "**Registration Cut-Off Time**"), at the URL https://investors.aem.com.sg/financial-information/agm-2022/. Following verification of his/her/its status as members, an email containing instructions on how to access the live webcast and audio feed of the proceedings of the AGM will be sent to authenticated members and CPF/SRS investors by 12.00 p.m. on 27 April 2022. Members and CPF/SRS investors who do not receive any email by 12.00 p.m. on 27 April 2022, but have registered by the Registration Cut-Off Time, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at aem2022agm@boardroomlimited.com or alternatively at +65 6536 5355 between 12.00 p.m. to 5.00 p.m. on 27 April 2022 and between 9.00 a.m. to 12.00 p.m. on 28 April 2022.

   Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register at the URL https://investors.aem.com.sg/financial-information/agm-2022/ for the live webcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the live webcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email to aem2022agm@boardroomlimited.com no later than 3.00 p.m. on 25 April 2022.

4. Members and CPF/SRS investors who pre-register to watch the live webcast or listen to the live audio feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 3.00 p.m. on 20 April 2022:

   (a) via the following email address at aem2022agm@boardroomlimited.com, with your full name, number of shares held and manner in which you hold shares (via CDP, Scrip, CPF or SRS); or

   (b) via the pre-registration website; or

   (c) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

5. **To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.**

6. The Chairman of the AGM, as proxy, need not be a member of the Company.

7. The instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**") may be accessed at the Company's website at the URL https://www.aem.com.sg/announcements and the SGX website at the URL https://www.sgx.com/securities/company-announcements. The Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted by email, be received by Boardroom Corporate & Advisory Services Pte. Ltd. at aem2022agm@boardroomlimited.com.

   in either case, by no later than 3.00 p.m. on 25 April 2022, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one Proxy Form).

10. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 3.00 p.m. on 25 April 2022, being 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

11. Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e., by 5.00 p.m. on 18 April 2022. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries to specify their voting instructions at least 7 working days (i.e., by 5.00 p.m. on 18 April 2022) before the AGM, if they wish to vote. Proxy Forms appointing such person other than the Chairman of the AGM shall be deemed to appoint the Chairman of the AGM as proxy.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a member who is a relevant intermediary, by submitting an instrument containing personal data of individuals (including the consolidated list of Investors set out in Note 1 of this Notice of AGM), such member (i) warrants that it has obtained the prior consent of such individuals for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such individuals in connection with their participation in the broadcast of the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following additional information on Mr. Loh Kin Wah, Ms. Chou Yen Ning @ Alice Lin and Mr. Tham Min Yew, all of whom are seeking re-election as Directors at 2022 Annual General Meeting is set out below:

	Mr. Loh Kin Wah	**Ms. Chou Yen Ning @ Alice Lin**	**Mr. Tham Min Yew**
Date of Appointment	4 May 2018	1 November 2021	31 August 2021
Date of Last Re-Appointment (if applicable)	29 April 2019	Not applicable	Not applicable
Age	67	54	54
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on the re-appointment	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Loh Kin Wah as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (she abstained from deliberating her own re-election) propose to the Company's shareholders to approve the re-election of Ms. Chou Yen Ning @ Alice Lin as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (he abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Tham Min Yew as Director of the Company.
Whether the appointment is executive, and if so the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title	Independent Director • Member of Nominating Committee • Member of Remuneration Committee • Member of Strategy Committee	Independent Director • Chairman of Audit and Risk Management Committee	Independent Director • Member of Nominating Committee • Member of Remuneration Committee • Member of Strategy Committee
Professional Qualifications	• Bachelor of Science, Chemical Engineering (Honours) • Post Graduate Certified Diploma in Accounting and Finance	• Bachelor of Science in Finance and Business Administration, UC Berkeley Haas School of Business • Diploma in Market Leadership Programme, INSEAD	• Bachelor of Mechanical Engineering from the National University of Singapore
Working Experience and occupation(s) in the past 10 years	• Chairman of Synesys Technologies Pte. Ltd. • Member of the Supervisory Board of BESI BV Netherlands, and of the Supervisory Board of AMS AG, Austria • EVP of Global Sales and Marketing of NXP Semiconductors, Netherlands • President and CEO of Qimonda AG, Munich, Germany	• 2017-2021: Founding board member and chair of Asian University for Women Support Foundation, Singapore • 2016-Present: Investor and Director in Green Mountains Investments Pte. Ltd. • 2008-2015: Board of Directors for Oracle Corporation Singapore Pte. Ltd. and other Oracle Corporation M&A subsidiaries in Asia Pacific. Key member of Ethics and Compliance Committee, Vice President of Finance (CFO) for Oracle Asia Pacific	• 2020 - Present: Temasek, Joint Head, Enterprise Development Group & Joint Head, Strategic Development • 2018 - 2020: ST Engineering, President of New Enterprise and Ventures • 1994 - 2018: Applied Materials, President, Applied Materials Southeast Asia

	Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 525,000 ordinary shares in listed issuer Deemed Interest: Nil	Direct Interest: 5,000 ordinary shares in listed issuer Deemed Interest: Nil	Direct Interest: Nil Deemed Interest: Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Mr. Tham is also representative of Venezio Investments Pte. Ltd, (a subsidiary of Temasek Holdings (Private) Limited) which is a substantial shareholder of AEM. He is currently the Joint Head, Enterprise Development Group & Joint Head, Strategic Development, Temasek.
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Other principal commitments including directorships			
Past (for the last 5 years)	• Director of Ampleon BV Netherlands • Member of Supervisory Board, BESI BV, Netherlands • Chairman of Synesys Technologies Pte. Ltd.	• Chairman and Founding Board Member of Asian University for Women Support Foundation (Singapore)	• Chairman of North East Community Development Council, Partnership Committee • Chairman of Tampines West Community Club Management Committee • Deputy Chairman of Temasek Polytechnic • Adjunct Professor of National University of Singapore, Faculty of Engineering • Member of National University of Singapore, Engineering Faculty Advisory Board • Board Member of Infocomm Media Development Authority, IMDA • Board Observer of Nanofilm Technologies Ltd. • Board Member of Novo Tellus Capital Partners Pte. Ltd. • Chairman of Microelectronic 2.0 Steering Committee. NRF RIE 2025, MTI • Member of Energy Market Authority - Energy 2050 Committee • Board Member of Surbana Jurong Pte. Ltd. • Board Member of Sydrogen Energy Pte. Ltd.

		Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
Present		• Member of Supervisory Board, AMS AG, Austria • Director of Majuta International Pte. Ltd. • Chairman of Huba Control AG • Director of UTAC Pte. Ltd. • Director of Liteleaf Pte. Ltd. • Director of Cibus Capital Partners Pte. Ltd. • Director of Advanced Assembly Materials International Ltd. • Director of Kinergy Corporation Ltd.	• Director of JR Global Training Pte. Ltd. • Director of JR Global Marketing Pte. Ltd. • Director of JR Global Training Ltd. • Director of Green Mountains Investments Pte. Ltd. • Director of Green Mountains Investments Ltd. • Director of Mongolia Investments Pte. Ltd.	• Chairman of North East Community Development Council, Partnership Committee • Chairman of Tampines West Community Club Management Committee • Deputy Chairman of Temasek Polytechnic • Adjunct Professor of National University of Singapore, Faculty of Engineering • Member of National University of Singapore, Engineering Faculty Advisory Board • Board Member of Infocomm Media Development Authority, IMDA • Board Observer of Nanofilm Technologies Ltd. • Board Member of Novo Tellus Capital Partners Pte. Ltd. • Chairman of Microelectronic 2.0 Steering Committee. NRF RIE 2025, MTI • Member of Future Economy Council • Board Member of Surbana Jurong Pte. Ltd. • Board Member of Sydrogen Energy Pte. Ltd.
Information required pursuant to Listing Rule 704(7)				
a	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

		Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
b	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c	Whether there is any unsatisfied judgment against him?	No	No	No
d	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

		Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
f	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

		Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
j	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

		Mr. Loh Kin Wah	Ms. Chou Yen Ning @ Alice Lin	Mr. Tham Min Yew
k	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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AEM HOLDINGS LTD.
Company Registration No: 200006417D
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. The AGM (as defined below) is being convened and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the Company's website at the URL https://www.aem.com.sg/announcements and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to, among others, attendance at the AGM via electronic means, submission of questions in advance, addressing of substantial and relevant questions prior to or at the AGM and/or voting by appointing the Chaiman as proxy at the AGM are set out in the Company's accompanying announcement dated 12 April 2022 (the "**Alternative Arrangements Announcement**") which has been uploaded together with the Notice of AGM and this Proxy Form on SGXNet on the same day. The Alternative Arrangements Announcement may also be accessed at the Company's website at the URL https://www.aem.com.sg/announcements. For convenience, printed copies of the Alternative Arrangements Announcement, together with the Notice of AGM and this Proxy Form, will also be sent by post to shareholders.
3. **To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.**
4. This Proxy Form is not valid for use by investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) ("**Investors**") (including investors holding through Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary by 5.00 p.m. on 18 April 2022, being at least 7 working days before the date of the AGM, to specify his voting instructions. CPF/SRS investors who wish to appoint the Chairman as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2022, being at least 7 working days before the date of the AGM.
5. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2022.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We*, ____________________

NRIC/Passport No./ Registration No. ____________________

of ____________________

being a member/members of AEM HOLDINGS LTD. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM (the "**Chairman**") as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**For**" or "**Against**". If you wish the Chairman as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**Abstain**". Alternatively, please indicate the number of shares that the Chairman as your proxy is directed to vote "**For**" or "**Against**" or "**Abstain**". In the absence of specific directions, the appointment of the Chairman as your proxy will be treated as invalid.)

No.	Resolutions	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2	Approval of Final Dividend			
3	Re-election of Mr. Loh Kin Wah as Director			
4	Re-election of Ms. Chou Yen Ning @ Alice Lin as Director			
5	Re-election of Mr. Tham Min Yew as Director			
6	Approval of Directors' fees for the financial year ending 31 December 2022			
7	Re-appointment of KPMG LLP as Auditors			
8	Proposed Share Issue Mandate			
9	Share Purchase Mandate Renewal			

Dated this ________ day of ________________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

** To delete as appropriate*

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).

2. To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. Members will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman, as proxy, need not be a member of the Company.

4. This Proxy Form may be accessed at the Company's website at the URL https://www.aem.com.sg/announcements and the SGX website at the URL https://www.sgx.com/securities/company-announcements. This Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted by email, be received by Boardroom Corporate & Advisory Services Pte. Ltd. at aem2022agm@boardroomlimited.com.

   in either case, by no later than 3.00 p.m. on 25 April 2022, and in default the Proxy Form shall not be treated as valid.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. Where the Proxy Form is sent personally or by post, it must be under the hand of the appointor or of his attorney duly authorised in writing and where such Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   Where the Proxy Form is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

   Where the Proxy Form is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register as at 3.00 p.m. on 25 April 2022, being 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

7. Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM (i.e. by 5.00 p.m. on 18 April 2022). Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries to specify their voting instructions at least 7 working days (i.e., by 5.00 p.m. on 18 April 2022) before the AGM, if they wish to vote. Proxy Forms appointing such person other than the Chairman shall be deemed to appoint the Chairman as proxy.

Personal Data Privacy:

By submitting this Proxy Form, the member(s) accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2022.

Published by
AEM Holdings Ltd.

For additional information about AEM, visit
www.aem.com.sg

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of the annual report, go to:

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