LETTER TO SHAREHOLDERS

AEM HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200006417D)

Directors:
Loke Wai San (Executive Chairman)
Adrian Chan Pengee (Independent Director)
Basil Chan (Independent Director)
James Toh Ban Leng (Non-Executive Director)
Loh Kin Wah (Independent Director)
Lavi Alexander Lev (Independent Director)

Registered Office:
52 Serangoon North Avenue 4
Singapore 555853

Date 15 April 2020

To The Shareholders

Dear Sir/Madam

RENEWAL OF THE SHARE PURCHASE MANDATE

1.0 INTRODUCTION

Please refer to (a) the notice of annual general meeting of AEM Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") dated 15 April 2020 (the "**Notice**") accompanying the annual report for financial year ended 31 December 2019 (the "**Annual Report 2019**"), convening the annual general meeting of the Company (the "**2020 AGM**") which is scheduled to be held on 21 May 2020 and (b) ordinary resolution 10 in relation to the renewal of a share purchase mandate under the heading "Special Business" as set out in resolution 10 of the Notice.

2.0 SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The SGX-ST takes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this letter (the "**Letter**").

3.0 BACKGROUND

3.1 The Existing Share Purchase Mandate

At the annual general meeting of the Company held on 29 April 2019 (the "**2019 AGM**"), the shareholders of the Company (the "**Shareholders**") had approved, *inter alia*, the share purchase mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") as permitted under and in accordance with the provisions of the Companies Act, Chapter 50, Singapore (the "**Companies Act**"). The authority and limitations on the Share Purchase Mandate were set out in the Company's letter to Shareholders dated 11 April 2019 and resolution 10 set out in the notice of annual general meeting of the Company dated 11 April 2019.

3.2 **Proposed Renewal of the Share Purchase Mandate**

The Share Purchase Mandate was expressed to take effect on the date of the passing of the resolution 10 at the 2019 AGM until the date on which the next annual general meeting of the Company is held or is required by law to be held or until the date on which the authority conferred by the 2019 AGM is revoked or varied by the Company in general meeting, whichever is the earliest.

As the Share Purchase Mandate granted at the 2019 AGM is due to expire on 21 May 2020 being the date of the forthcoming 2020 AGM, the directors of the Company (the "**Directors**") as at the date of this Letter, will be seeking Shareholders' approval for the proposed renewal of the Share Purchase Mandate at the forthcoming 2020 AGM.

3.3 The purpose of this Letter is to provide Shareholders with information relating to the proposal for the renewal of the Share Purchase Mandate to be tabled at the 2020 AGM.

If approved by Shareholders at the 2020 AGM, the authority conferred by the Share Purchase Mandate will continue in force until the next annual general meeting (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next annual general meeting).

4.0 RENEWAL OF THE SHARE PURCHASE MANDATE

4.1 **Rationale for the Share Purchase Mandate**

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) the Directors and management are constantly seeking to increase Shareholders' value and to improve, *inter alia,* the return on equity of the Group. A share purchase at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced;

(b) share purchases or acquisitions provide the Company with a mechanism to return surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also accord the Company with greater flexibility over its share capital structure and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per Share and/or net tangible assets ("**NTA**") per Share of the Company;

(c) the Share Purchases Mandate will give the Company the flexibility to, subject to market conditions, undertake purchases or acquisitions of its Shares at any time during the period that the Share Purchase Mandate is in force; and

(d) shares purchased or acquired pursuant to the Share Purchase Mandate and which are held as treasury shares may be utilised by the Company in the manner provided in the Companies Act. A Share Purchase Mandate will allow the Directors to effectively manage and minimise the dilution impact (if any) associated with employee share schemes and shares issuance as consideration for merger and acquisition programs.

4.2 While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in paragraph 4.3.1 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or result in the Company being de-listed from the SGX-ST.

4.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on the share purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the 2020 AGM, are the same as previously approved by the Shareholders at the 2019 AGM, and are as summarised below:-

4.3.1 **Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the annual general meeting on which the renewal of the Share Purchase Mandate is approved. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of a total of 270,866,840 issued Shares as at 25 March 2020 being the latest practicable date prior to the issue of this Letter (the "**Latest Practicable Date**"), and assuming no further Shares are issued on or prior to the 2020 AGM, and no further Shares are held by the Company as treasury shares, on or prior to the 2020 AGM, not more than 27,086,684 Shares (representing 10% of the issued share capital of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate.

4.3.2 **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2020 AGM, at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied in a general meeting of the Company; or

(c) the date on which the share purchases have been carried out to the full extent mandated.

4.3.3 **Manner of Purchase or Acquisition of Shares**

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's Central Limit Order Book trading system and/or through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme or schemes as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual of SGX-ST (the "**Listing Manual**") and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares and (3) if applicable, differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid.

Further, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document containing at least the following information:

(i) terms and conditions of the offer;

(ii) period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under The Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable takeover rules;

(v) whether the share purchase, if made, could affect the listing of the Company's equity securities on the SGX-ST;

(vi) details of any share purchase made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

4.3.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors and shall not exceed the maximum price as set out below:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the purposes of the above:-

"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 the 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 after the relevant five-day period; 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 relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4.4 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

4.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised follow:

4.5.1 **Maximum Holdings** – The number of Shares held as treasury shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares.

4.5.2 **Voting and Other Rights** – The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and shall not be entitled to receive dividends or any other distribution of the Company's assets in respect of any treasury shares. The Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

4.5.3 **Disposal and Cancellation** – The Company may dispose of treasury shares at any time in the following ways :

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

4.6 **Source of Funds.** The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its profits, provided that:-

(a) the Company is able to pay its debts as they become due in the normal course of business at the time of the purchase and during the twelve months after the purchase;

(b) the value of the Company's assets is or will after the purchase become not less than the value of its liabilities (including contingent liabilities).

The Company intends to use its internal sources of funds of the Group and/or external borrowings to finance the Company's purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements of the Group.

4.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on*, inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired and the

price paid for such Shares, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2019, are based on the assumptions set out below.

4.7.1 **Purchase or Acquisition out of Profits and/or Capital**

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

4.7.2 **Number of Shares Acquired or Purchased**

Based on the number of issued and paid-up Shares as at the Latest Practicable Date and assuming no further Shares are issued, and no further Shares are held by the Company as treasury shares, on or prior to the 2020 AGM, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 27,086,684 Shares.

4.7.3 **Maximum Price Paid for Shares Acquired or Purchased**

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 27,086,684 Shares at the maximum price of S$1.59 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 27,086,684 Shares is S$43,067,828.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 27,086,684 Shares at the maximum price of S$1.67 for one Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 27,086,684 Shares is S$45,234,762.

4.7.4 **Whether repurchased Shares are Cancelled or Held in Treasury**

If the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled and the total number of issued Shares of the Company shall be reduced accordingly. The Company shall:

(a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of its profits where the Shares were purchased or acquired out of profits of the Company; or

(c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Where the purchased Shares are held in treasury, the total issued Shares of the Company remains unchanged.

4.7.5 **Illustrative Financial Effects**

Based on the audited accounts of the Company and Group for the financial year ended 31 December 2019, the Company has positive equity of approximately S$134.3 million to effect purchases of its Shares from the market. However, for illustrative purposes only, assuming that:

(i) the Company purchases 27,086,684 Shares representing the maximum 10% of its issued share capital as at the Latest Practicable Date; and

(ii) the aforesaid 27,086,684 Shares are purchased at the maximum price of S$1.59 per Share, being a price representing 105% of the Average Closing Price as at the Latest Practicable Date,

and for purposes of this illustration, it is assumed that the Company is using only external sources to finance purchases of its Shares from the market at an interest rate of 5% per annum and that the purchased Shares are cancelled, the financial effects of the purchase of Shares by the Company pursuant to the Share Purchase Mandate on the Company's and the Group's audited financial statements for FY2019 would be as set out below.

	Group		**Company**	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 31 December 2019 (S$'000)				
Shareholders' Funds	134,336	91,268	40,868	(2,200)
Net Tangible Assets ("NTA")	115,380	72,312	40,868	(2,200)
Current Assets	197,987	197,987	18,554	18,554
Current Liabilities	89,710	132,778	7,619	50,687
Working Capital	108,277	65,209	10,935	(32,133)
Total Borrowings	–	43,068	–	43,068

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2019 (S$'000)				
Number of Shares ('000)				
Issued and paid-up share capital (net of treasury shares)	269,766	242,680	269,766	242,680
Weighted average number of issued and paid-up shares	272,317	245,231	272,317	245,231
Financial Ratios				
NTA per Share (SGD cents)	42.77[(1)]	29.80[(2)]	15.15[(1)]	(0.91)[(2)]
Gearing Ratio (times)[(3)]	–	0.60	–	(19.58)
Current Ratio (times)	2.21	1.49	2.44	0.37
Earnings per Share (SGD cents)	19.38[(1)]	20.64[(2)]	1.32[(1)]	1.46[(2)]

Notes:-

(1) The NTA per share and basic earnings per share was calculated based on the number of Shares in issue of 269,766,402 at the end of FY2019 and weighted average number of Shares in issue of 272,317,311 for FY2019 respectively before adjusting for the share purchase.

(2) The NTA per share and basic earnings per share was calculated based on the number of Shares in issue of 242,679,718 at the end of FY2019 and weighted average number of Shares in issue of 245,230,627 for FY2019 respectively after adjusting for the share purchase.

(3) Gearing ratio is based on total borrowings at the end of FY2019.

(4) As at 31 December 2019, the Group and the Company had cash balances of S$107.7 million and S$7.9 million respectively.

As illustrated above, the purchase of Shares will reduce the working capital from S$108.3 million to S$65.2 million and the NTA per Share of the Group as at 31 December 2019 from 42.77 cents per Share to 29.80 cents per Share and reducing the NTA per Share of the Company as at 31 December 2019 from 15.15 cents per Share to net tangible liabilities of 0.91 cents per Share respectively assuming that all share purchases are funded through borrowings.

Assuming that the purchase of Shares had taken place on 1 January 2019, the consolidated basic gain per Share of the Group for FY2019 would be increased from 19.38 cents per Share to 20.64 cents per Share as a result of the reduction in the number of issued Shares, taking into consideration the interest expense relating to the external funding for the share purchase transaction.

Shareholders should note that the financial effects set out in this section are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares.

In particular, the Directors do not intend to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Group or the gearing levels.

4.8 **Listing Rules**. Under Rule 886(1) of the Listing Manual, a listed company must notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day (ie., a day on which the SGX-ST is open for securities trading, "**Market Day**") following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer. The notification of such share purchase to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, such as details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

The Company shall report to the SGX-ST of any sale, transfer, cancellation and/or use of treasury shares, stating the (a) date of the sale, transfer, cancellation and/or use; (b) purpose of such sale, transfer, cancellation and/or use; (c) number of treasury shares sold, transferred, cancelled and/or used; (d) number of treasury shares before and after such sale, transfer, cancellation and/or use; (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake to purchase or acquire Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing one month immediately preceding the announcement of the Company's full-year results and the period of two weeks immediately preceding the announcement of its first, second and third quarter results.

4.9 **Listing Status of Shares**. Under Rule 723 of the Listing Manual, a listed company must ensure that at least 10% of the total issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, there are 208,872,875 issued Shares in the hands of the public, representing approximately 77.1% of the issued Shares of the Company. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. If the Company purchases Shares up to 10% of the issued Shares, the issued Shares in the hands of the public would be approximately 74.8% of the issued Shares of the Company. The Directors will also use their best efforts to ensure that, notwithstanding any share purchases by the Company, a sufficient number of Shares remain in the hands of the public so that the share purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.10 **Take-over Implications**. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

4.10.1 **Obligations to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

4.10.2 **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons *(inter alia)* will be presumed to be acting in concert:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other; and

(c) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages.

For this purpose, ownership or control of at least twenty per cent (20%) but not more than fifty per cent (50%) of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

4.10.3 **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or in the event

that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the table set out in paragraph 5.2 below, in the event the Company purchases up to the limit of 10% of its Shares pursuant to the Share Purchase Mandate, the aggregate voting rights of James Toh Ban Leng, Aberdeen Asset Management PLC, and Morgan Stanley in the Company will increase from 20.50% to 22.77%.

The statements in this paragraph 4.10 do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

4.11 **Details of Shares bought by the Company since the 2019 AGM**

As at the Latest Practicable Date, the Company had, pursuant to the Share Purchase Mandate approved by Shareholders at the 2019 AGM, purchased or acquired an aggregate of 2,600,000 Shares by way of Market Purchases. The highest and lowest prices paid were S$1.930 and S$0.835 per Share respectively. The total consideration (including clearing charges, etc) paid was S$3,325,640. The following are the details of the shares bought by the Company since the 2019 AGM:

Date of Purchase	Number of Shares Bought	Weighted Average Price (exclusive of charges)
9-May-19	100,000	1.020
13-May-19	100,000	0.975
14-May-19	100,000	0.970
21-May-19	100,000	0.940
22-May-19	100,000	0.955
23-May-19	100,000	0.905
24-May-19	100,000	0.880
29-May-19	100,000	0.855

Date of Purchase	Number of Shares Bought	Weighted Average Price (exclusive of charges)
31-May-19	100,000	0.850
3-June-19	100,000	0.837
25-June-19	100,000	1.010
27-August-19	100,000	1.090
28-August-19	100,000	1.100
29-August-19	100,000	1.050
28-November-19	100,000	1.740
9-March-20	100,000	1.900
10-March-20	100,000	1.880
11-March-20	100,000	1.930
12-March-20	100,000	1.770
13-March-20	100,000	1.580
16-March-20	200,000	1.660
19-March-20	200,000	1.370
20-March-20	200,000	1.440

5.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **Directors' Interests**. As at the Latest Practicable Date, the Directors' interests in Shares as recorded in the Register of Directors' Interests are as follows:

	Number of Shares				
Director	Direct Interest	%	Deemed Interest	%	Number of Shares comprised in outstanding Share options
Loke Wai San	5,633,977	2.08	–	–	3,352,000
James Toh Ban Leng	13,525,020	4.99	7,196,772	2.66	–
Adrian Chan Pengee	85,000	0.03	–	–	–
Basil Chan	205,000	0.08	–	–	–
Loh Kin Wah	525,000	0.19	–	–	–
Lavi Alexander Lev	25,000	0.01	–	–	–

5.2 **Substantial Shareholders' Interests**. As at the Latest Practicable Date, the interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders are as follows:

	Number of Shares		Deemed	
Substantial Shareholder	**Direct Interest**	**%**	**Interest**	**%**
James Toh Ban Leng[(2)]	13,525,020	4.99	7,196,772	2.66
Aberdeen Asset Management PLC[(3)]	–	–	18,299,500	6.76
Morgan Stanley[(4)]	–	–	16,498,696	6.09

Notes:

(1) Based on 270,866,840 issued shares (excluding treasury shares) as at the Latest Practicable Date.

(2) The deemed interest arises as Mr. James Toh Ban Leng is a shareholder of A.C.T. Holdings Pte Ltd which owns 7,196,772 shares in the Company.

(3) Aberdeen Asset Management PLC is the parent company of its subsidiaries who act as the investment managers for various clients/funds and have 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.

(4) Deemed interests arising by virtue of having an interest or in units over which subsidiaries/affiliates by reason of the ability to exercise voting discretion and to acquire/dispose of shares.

6.0 DIRECTORS' RECOMMENDATION

6.1 **The Share Purchase Mandate**. The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate, at the 2020 AGM.

7.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

8.0 ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Yours faithfully
For and on behalf of the Board of Directors
AEM Holdings Ltd.

Loke Wai San
Executive Chairman