SGXNET Announcement

AEM Holdings Ltd.
(Registration No. 200006417D)

ENTRY INTO A SALE AND PURCHASE AGREEMENT RELATING TO THE PROPOSED DISPOSAL OF SHAREHOLDING INTEREST IN ATECO INC. ("ATECO")

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of AEM Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**AEM Group**") wishes to announce that its wholly-owned subsidiary AEM Singapore Pte. Ltd. ("**ASG**") has on 25 June 2024 entered into a share purchase agreement ("**SPA**") with LB Innovation Growth Fund II, JP-IBKS Innovation MPE Fund No. 1, JP-IBKS Innovation MPE Fund No. 2, New Deal Extension New Technology Fund No. 1 (the "**Institutional Investors**"); and Foong Wai Fee (the "**Individual Investor**") (collectively, the "**Purchasers**" and each, a "**Purchaser**"), pursuant to which ASG agreed to sell and transfer to the Purchasers, and the Purchasers agreed to purchase from ASG, at the closing, all rights, title and interest in and to an aggregate of 470,504 common shares of ATECO and 994,220 preferred shares of ATECO (the common shares and preferred shares collectively, the "**Sale Shares**"), free and clear of any and all encumbrances on and subject to the terms of the SPA (the "**Proposed Disposal**"). The Sale Shares comprised all of ASG's shareholding interest in ATECO. The aggregate purchase price for the Sale Shares was approximately S$6.8 million, and for more information on the consideration please refer to paragraphs 4.2 and 4.3 below.

1.2 The Proposed Disposal is considered a "discloseable transaction" within the meaning of Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

2. INFORMATION ON ATECO

2.1 ATECO is a South Korean company that specialises in the design and development of memory test handler solutions targeted at the memory market. As at the date of this announcement, ATECO is an associated company of the AEM Group.

2.2 The Sale Shares were acquired by ASG during the financial year ended 31 December 2021.

3. INFORMATION ON THE PURCHASERS

3.1 The Purchasers comprise the Institutional Investors and the Individual Investor.

3.2 The Institutional Investors comprise the following entities:

Fund Name	General Partner
LB Innovation Growth Fund II (Fund Registration No. 253-80-02598)	**LB Investment Co., Ltd.** 13F, 512, Teheran-ro, Gangnam-gu, Seoul, Korea
JP-IBKS Innovation MPE Fund No. 1 (Fund Registration No. 613-80-65607)	**IBK Securities Co., Ltd.** 11F, Gukjegeumyung-ro 6-gil, Yeongdeungpo-gu, Seoul, Korea
	JP Partners Co., Ltd. 184, Jungang-ro, Pyeongtaek-si, Gyeonggi-do, Korea
JP-IBKS Innovation MPE Fund No. 2 (Fund Registration No. 750-80-03195)	**IBK Securities Co., Ltd.** 11F, Gukjegeumyung-ro 6-gil, Yeongdeungpo-gu, Seoul, Korea
	JP Partners Co., Ltd. 184, Jungang-ro, Pyeongtaek-si, Gyeonggi-do, Korea
New Deal Extension New Technology Fund No. 1 (Fund Registration No. 731-80-02119)	**IBK Securities Co., Ltd.** 11F, Gukjegeumyung-ro 6-gil, Yeongdeungpo-gu, Seoul, Korea
	Hana Securities Co., Ltd. 82, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea

3.3 LB Investment Co., Ltd. is a venture capital firm that invests in Korea and overseas start-up companies operating in the technology, information and communication technology, media, consumer, education, biology, healthcare, clean technology, and advanced manufacturing sectors. IBK Securities Co, Ltd. is a financial advisory firm that provides services in the brokerage, wealth management, and corporate financing areas. The firm offers trading services on securities, sale of domestic and international stocks, credit and derivative funds, and corporate bond issuance. Hana Securities Co, Ltd. is a financial advisory firm that provides services in the brokerage, wealth management, and corporate financing areas. The firm offers trading services on securities, sale of domestic and international stocks, credit and derivative funds, and corporate bond issuance. JP Partners Co. Ltd. is a financial advisory firm founded by venture capitalists, analysts, and fund managers with professional experience, and is an investment company that invests in companies that contribute to technological growth and development in the Deep Tech field so that innovative entrepreneurs with vision and passion can grow companies in the early stages. Specialized investment areas include IT hardware, mechanical and AI hardware, K-food, and health food.

3.4 Foong Wai Fee, a Singapore citizen, is currently one of the registered directors of ATECO.

4. PRINCIPAL TERMS OF THE SPA

Agreement to Sell the Sale Shares

4.1 Upon the terms and subject to the conditions set forth in the SPA, ASG agreed to sell and transfer to the Purchasers, and the Purchasers agreed to purchase from ASG, at the closing, all rights, title and interest in and to the Sale Shares, free and clear of any and all encumbrances.

Consideration

4.2 The consideration for the purchase of the Sale Shares under the SPA was an aggregate purchase price of KRW6,827,517,981 (approximately S$6.8 million) (the "**Consideration**").

4.3 On the closing of the sale and purchase of the Sale Shares pursuant to the SPA, the Purchasers shall pay the Consideration by wire transfer of immediately available funds to the account of the ASG after converting the Consideration amount to USD in accordance with the SPA.

Conditions Precedent

4.4 The obligations of ASG to consummate the closing shall be subject to the satisfaction of various conditions precedent, being fulfilled by each of the Purchasers or waived in writing by ASG, as of the closing date, which conditions precedent include the entry into various agreements including a new license agreement, a restrictive covenant agreement, a master development and supply agreement, and all of the Institutional Investors' investment committee proceedings having been completed approving the transactions contemplated by the SPA.

4.5 The obligations of Purchasers to consummate the closing shall be subject to the satisfaction of various conditions precedent, being fulfilled by ASG or waived in writing by the Purchasers, as of the closing date, which conditions precedent include all of ASG's corporate and other internal proceedings having been completed approving the transactions contemplated by the SPA.

Closing

4.6 The closing of the sale and purchase of the Sale Shares shall take place within ten (10) business days of all of the conditions precedent being satisfied or otherwise duly waived or such other date that is mutually agreed upon by the Purchasers and ASG.

4.7 After the closing of the sale and purchase of the Sale Shares, ATECO shall cease to be an associated company of the AEM Group.

5. RATIONALE OF AND PROCEEDS FROM THE PROPOSED DISPOSAL

5.1 The initial investment in ATECO enabled certain licensing of intellectual property to the Company that has been useful in the Company's capabilities' development. After a thorough review of the Company's technology and customer roadmaps, the Board determined with management that continued equity ownership in ATECO no longer offered strategic benefit for all parties, especially given the lack of profitability at ATECO. A process to find a strategic buyer for ASG's stake was started late last year. The Consideration was arrived at on a willing-seller-willing-buyer basis, after taking into consideration, inter alia, prevailing market conditions. Although the Consideration represented a 23% discount to the carrying amount of the AEM Group's investment in ATECO as of 31 December 2023, it was the best offer the Company has received.

5.2 Based on the audited consolidated financial statements of the AEM Group for the financial year ended 31 December 2023 ("**FY2023**"), the book value of the Sale Shares as at 31 December 2023 was S$8.8 million, and the Proposed Disposal is expected to result in a deficit of proceeds over book value and a loss on disposal of approximately S$2.0 million. The net tangible asset value of the Sale Shares was approximately S$0.6 million, which was derived from the net tangible asset value of ATECO based on the audited financial statements of ATECO for FY2023 and applying the percentage level of ASG's shareholding interest in ATECO.

5.3 The Company intends to use the net proceeds from the Proposed Disposal (being the Consideration less any fees and expenses incurred or to be incurred by the Company in connection with the Proposed Disposal) for general working capital purposes.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 The pro forma financial effects of the Proposed Disposal as set out below are for illustrative purposes only and are not intended to represent the actual future financial performance or financial position of the AEM Group immediately after the Proposed Disposal. The pro forma financial effects

of the Proposed Disposal were prepared based on the audited consolidated financial statements of the AEM Group for FY2023 and assuming the closing of the Proposed Disposal as set out below.

a. Net Tangible Assets ("NTA") per Share

For illustrative purposes only and assuming that the Proposed Disposal was completed on 31 December 2023, the pro forma financial effects of the Proposed Disposal on the NTA of the AEM Group are as follows:

	Before the Closing of the Proposed Disposal	After the Closing of the Proposed Disposal
Consolidated NTA (S$'000)	342,179	340,158
Number of Shares (excluding treasury shares)	308,901,357	308,901,357
Consolidated NTA per Share (cents)	110.77	110.12

b. Loss Per Share (the "LPS")

For illustrative purposes only and assuming that the Proposed Disposal was completed on 1 January 2023, the pro forma financial effects of the Proposed Disposal on the LPS of the AEM Group are as follows:

	Before the Closing of the Proposed Disposal	After the Closing of the Proposed Disposal
Loss after tax attributable to ordinary shareholders (S$,000)	(1,237)	(3,271)
Weighted Average Number of Shares (diluted) (excluding treasury shares)	310,796,504	310,796,504
LPS (cents)	(0.40)	(1.05)

7. CHAPTER 10 OF THE LISTING MANUAL

Relative Figures

7.1 The relative figures for the Proposed Disposal using the applicable bases of comparison under Rule 1006 of the Listing Manual, based on the audited consolidated financial statements of the AEM Group for FY2023 are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the AEM Group's net asset value	1.9%
Rule 1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the AEM Group's net profits	Please refer to paragraphs 7.2 to 7.5 below[1]
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	1.16%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the AEM Group's proved and probable reserves	Not applicable

Note:

1. For clarity, the absolute relative figure computed on this basis is -2.1% based on the AEM Group's profit before tax before non-controlling interest and all exceptional items**.**

Practice Note 10.1 of the Listing Manual

7.2 As ATECO was loss-making as at 31 December 2023, the investment shareholding interest in ATECO constituted a loss-making asset. In the Company's press release dated 28 February 2024 and in the Company's annual report 2023, on pages 4 and 14, it was stated that FY2023 profit before tax ("**PBT**"), including exceptional items, came in at S$7.6 million, whereas the FY2023 PBT, excluding exceptional items, came in at S$38.3 million. As such, for the relative figure computed on the basis under Rule 1006(b) of the Listing Manual, the numerator is a negative figure whilst the denominator is a positive figure. Pursuant to Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1.

7.3 In the case of the disposal of a loss-making asset by an issuer (whether profitable or loss-making), pursuant to paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual the issuer must immediately make an announcement of the transaction where:

(i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 20%; and

(ii) if the disposal will result in a loss on disposal, the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values).

7.4 In respect of paragraph 4.4(e)(i) of Practice Note 10.1 of the Listing Manual, the absolute relative figure computed on the basis of each of Rule 1006(a) and Rule 1006(c) does not exceed 20%, and

Rule 1006(e) is not applicable. In respect of paragraph 4.4(e)(ii) of Practice Note 10.1 of the Listing Manual, the Proposed Disposal is expected to result in a loss on disposal, and the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer. In respect of the Proposed Disposal, the computation of the loss on disposal against the consolidated net profit (excluding all exceptional items) based on the audited consolidated financial statements of the AEM Group for FY2023 is 5.3%.

7.5 The Proposed Disposal falls within Paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual. As such, the Company must immediately make an announcement of the Proposed Disposal when an agreement is entered into, and the Proposed Disposal is considered a "discloseable transaction" within the meaning of Chapter 10 of the Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors, controlling shareholders or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal, other than in their capacity as a director or shareholder of the Company.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

BY ORDER OF THE BOARD

Chandran Nair
Chief Executive Officer
25 June 2024