

SGXNET Announcement



AEM Holdings Ltd
(Registration No. 200006417D)

ACQUISITION OF INSPIRAIN TECHNOLOGIES PTE LTD

1. INTRODUCTION

The Board of Directors of AEM Holdings Ltd (the “**Company**” or “**AEM**”) announces that AEM has acquired InspiRain Technologies Pte Ltd, a provider of network infrastructure test and measurement solutions, pursuant to a share purchase agreement signed on 22 September 2017 (the “**Agreement**”).

Under the terms of the Agreement, AEM will purchase 100% of the shares in the issued share capital of InspiRain Technologies Pte Ltd (the “**Target**” or “**InspiRain**”) for an aggregate consideration (“**Purchase Price**”) of up to S\$3,607,000 plus the Excess Cash as further described below (the “**Acquisition**”).

2. INFORMATION ON INSPIRAIN

InspiRain is a company incorporated in Singapore and engaged in the business of research, development and production of network infrastructure test and measurement solutions. InspiRain has a portfolio of test products including a Vector Network Analyzer and a handheld network cable tester. The net book value of InspiRain as at 31 August 2017 was S\$43,000.

3. RATIONALE FOR THE ACQUISITION

As AEM noted in its last earnings report on 7 August 2017, AEM has been opportunistically seeking acquisitions that provide growth synergies to its core business.

The Directors and AEM believe that InspiRain provides AEM with two such growth synergies:

- (a) InspiRain's innovative test products address large potential global markets that are immediately adjacent to AEM's core handling market. With its global sales and service infrastructure, AEM intends to help InspiRain develop global distribution and commercial traction for its products.
- (b) InspiRain's engineering team possesses strong technical capabilities and deep experience in creating test solutions for global industrial customers. AEM intends to leverage these capabilities to expand its current product portfolio to non-semiconductor industries.

The Directors and the Company believe that the performance-based consideration for the Acquisition further supports an attractive, risk-adjusted return for AEM. The Acquisition is not expected to have any material impact on AEM's financial performance for 2017.

4. CONSIDERATION FOR THE ACQUISITION

The consideration for the Acquisition has been structured to mitigate acquisition risk by:

- (a) Ensuring that a portion of the consideration is paid only when business performance milestones are met; and
- (b) Ensuring that a portion of the consideration is paid in the form of shares in AEM to encourage the retention of engineering talent and the alignment of incentives behind AEM shareholder equity growth.

Pursuant to the Agreement, AEM acquired 100% of InspiRain from its current owners, HZA Corporation Pte. Ltd., Cui Minglei and Di Minico Christopher Thomas (collectively, the "**Vendors**").

The Purchase Price for the Acquisition comprised cash and shares valued at between S\$2.7 million and S\$3.6 million (plus the Excess Cash described in the Agreement), with the final valuation realized as InspiRain meets performance and employee retention milestones in the future, and will be paid in tranches on the timing set out in the Agreement.

Where possible, the Company will satisfy the issuance of the share consideration for the Purchase Price by transferring treasury shares from the Company's share reserve account. The Company will also inform the Shareholders upon the transfer of the treasury shares as required under Rule 704(28) of the Listing Manual.

If the Company intends to issue new Shares in settlement of any of the Deferred Shares and/or Performance Shares, it will make an application to the SGX-ST for the dealing in, listing of and quotation of such new Shares on the Main Board of the SGX-ST and will update the Shareholders on the outcome of the application in due course.

The terms of the Acquisition and Purchase Price were arrived at after negotiations on a willing-buyer, willing-seller basis. In arriving at the Purchase Price, the Company has taken into account, inter alia, the current market conditions and the strategic merits of the Acquisition.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

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

6. DISCLOSURE OBLIGATIONS

Although none of the relative figures under Rule 1006 of the Listing Manual exceeds 5%, this announcement is made pursuant to Rule 704(17)(c) of the Listing Manual as, following completion of the Acquisition, the Target is now a wholly-owned subsidiary of AEM.

As the relative figure computed on the base set out in Rule 1006(b) of the Listing Manual is a negative figure, AEM has submitted an application to the SGX-ST on the treatment of the negative figure for Rule 1006(b) of the Listing Manual. The SGX-ST has confirmed that the Acquisition is a non-discloseable transaction under Part V, Chapter 10 of the Listing Manual and AEM is not required to seek Shareholders' approval for the Acquisition under Rule 1014(2) of the Listing Manual.

7. DOCUMENTS AVAILABLE FOR INSPECTION

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

8. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Charles Cher Lew Siang

Chief Executive Officer

30 September 2017