
LETTER TO SHAREHOLDERS



AEM HOLDINGS LTD.

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

Directors:

Loke Wai San (Non-Executive Chairman)
James Toh Ban Leng (Lead Independent Director)
Loh Kin Wah (Independent Director)
Chou Yen Ning @ Alice Lin (Independent Director)
Chok Yean Hung (Non-Executive, Non-Independent Director)
Tham Min Yew (Non-Executive, Non-Independent Director)
André Andonian (Independent Director)

Registered Office:

52 Serangoon North
Avenue 4
Singapore 555853

Date 10 April 2023

To The Shareholders

Dear Sir/Madam

ADDENDUM RELATING TO RENEWAL OF THE SHARE PURCHASE MANDATE

1.0 INTRODUCTION

- 1.1** Please refer to (a) the notice of annual general meeting of AEM Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") dated 10 April 2023 (the "**Notice**") accompanying the annual report for financial year ended 31 December 2022 (the "**Annual Report 2022**"), convening the annual general meeting of the Company (the "**2023 AGM**") which is scheduled to be held on 27 April 2023 and (b) Ordinary Resolution 9 of the Notice, which is in relation to the renewal of a share purchase mandate.
- 1.2** The purpose of this letter (the "**Letter**") is to provide Shareholders with information relating to the renewal of the share purchase mandate and seek Shareholders' approval for the same at the AGM.
- 1.3** Lee & Lee is the legal adviser to the Company as to Singapore law in relation to the renewal of the share purchase mandate.

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

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Letter.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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3.0 RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 The Existing Share Purchase Mandate

At the annual general meeting of the Company held on 28 April 2022 (the "**2022 AGM**"), the shareholders of the Company (the "**Shareholders**") had approved, *inter alia*, the renewal of 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 1967 of Singapore (the "**Companies Act**"). The authority and limitations on the Share Purchase Mandate were set out in the Company's letter to Shareholders dated 12 April 2022 and Resolution 9 set out in the notice of annual general meeting of the Company dated 12 April 2022.

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 9 at the 2022 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 2022 AGM is revoked or varied by the Company in general meeting, whichever is the earliest.

As the Share Purchase Mandate granted at the 2022 AGM is due to expire on 27 April 2023, being the date of the forthcoming 2023 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 2023 AGM.

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 2023 AGM.

If approved by Shareholders at the 2023 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).

3.3 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 ("**EPS**") and/or net asset value ("**NAV**") per share of the Company;
- (c) the Share Purchase 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

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- (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. The 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.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in Paragraph 3.4.1 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.

3.4 Authority and Limits of the Share Purchase Mandate. The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the 2023 AGM, are the same as previously approved by the Shareholders at the 2022 AGM, and are as summarised below:

3.4.1 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 (excluding treasury shares and subsidiary holdings) of the Company as at the date of the 2023 AGM at which the renewal of the Share Purchase Mandate is approved.

Purely for illustrative purposes, on the basis of a total of 308,692,950 issued Shares (excluding treasury shares and subsidiary holdings) as at 16 March 2023, being the latest practicable date prior to the issue of this Letter (the "**Latest Practicable Date**"), the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition by the Company of up to 30,869,295 Shares, and also assuming that no further Shares are issued and there are no subsidiary holdings on or prior to the 2023 AGM. As at the Latest Practicable Date, the Company is holding 3,150,536 Shares as treasury shares and has no subsidiary holdings.

3.4.2 Duration of Authority

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the 2023 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 by the Company in a general meeting; or
- (c) the date on which the purchases or acquisitions of Shares have been carried out to the full extent mandated.

The Share Purchase Mandate may be renewed by the Shareholders at the next annual general meeting or at any other general meeting of the Company.

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3.4.3 Manner of Purchases or Acquisitions of Shares

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

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Purchase Mandate, the Listing Manual of the SGX-ST (the "**Listing Manual**"), the Constitution of the Company, the Companies Act and other applicable laws and regulations as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (ii) all of those persons must be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers must be the same, except that there must be disregarded (1) differences in consideration attributable to the fact that offers 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.

Under the Listing Manual, in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, *inter alia*, the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share purchases;
- (iv) the consequences, if any, of share purchases by the listed company that will arise under The Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;
- (v) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST;
- (vi) details of any share purchase made by the listed company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), 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

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- (vii) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

3.4.4 Maximum 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, provided that such purchase price must not exceed:

- (a) in the case of Market Purchases, 105% of the Average Closing Price (as defined hereinafter); and

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

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

For the purposes of this Letter:

"Average Closing Price" means the average of the Closing Market Prices of the Shares for the five (5) consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the day 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 for any corporate action that occurs during such five-market 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;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources; 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 must 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.

3.5 Status of Purchased Shares. Shares purchased or acquired by the Company will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company is deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as treasury shares in accordance with Section 76H to 76K of the Companies Act.

3.5.1 Treasury Shares. Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain provisions on treasury shares under the Companies Act are summarised below:

- (a) **Maximum Holdings** – The aggregate number of Shares held by the Company as treasury shares must not at any time exceed ten per cent (10%) of the total number of issued Shares at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company must dispose of or cancel the excess treasury shares within six (6) months from the day the aforesaid limit is first exceeded.

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- (b) **Voting and Other Rights** – The Company must not exercise any right in respect of the treasury shares. In particular, the Company must not exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company is to be treated as having no right to vote and the treasury shares are to be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

- (c) **Disposal and Cancellation** – Where Shares are held as treasury shares, the Company may at any time:
- (i) sell the treasury shares (or any of them) for cash;
 - (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
 - (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (iv) cancel the treasury shares (or any of them); or
 - (v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (A) the date of the sale, transfer, cancellation and/or use of such treasury shares, (B) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (C) the number of treasury shares which have been sold, transferred, cancelled and/or used, (D) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (E) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (F) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.5.2 Purchased or Acquired Shares Cancelled

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company must:

- (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 the profits of the Company; or

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

by the total amount of the purchase price paid by the Company for the Shares cancelled, which includes any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

3.6 Source of Funds. In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore. Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent. For this purpose, a company is "solvent" if at the time of the payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group's internal sources of funds (comprising bank balances and cash equivalents) to finance the Company's purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The Company has not obtained or incurred, nor does it intend to obtain or incur any borrowings to finance the purchase or acquisition of Shares under the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that it would materially and adversely affect the working capital requirements, the gearing levels of the Group and the financial position of the Group taken as a whole.

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3.7 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*, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company, 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 2022, are based on the assumptions set out below:

3.7.1 Purchase or Acquisition of Shares made 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 profits available for distribution as dividends by the Company.

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

3.7.2 Number of Shares Acquired or Purchased

As of 31 December 2022, the Company was holding 3,031,236 Shares as treasury shares and has no subsidiary holdings. Based on 308,752,250 Shares in issue (excluding treasury shares and subsidiary holdings) as at 31 December 2022 and assuming that no further Shares are issued, no further Shares are purchased or acquired and held by the Company as treasury shares and there are no subsidiary holdings on or prior to the 2023 AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition by the Company of up to 30,875,225 Shares.

3.7.3 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 30,875,225 Shares at the maximum price of S\$3.04 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) 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 30,875,225 Shares is S\$93,860,684.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 30,875,225 Shares at the maximum price of S\$3.18 for each Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five (5) 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 30,875,225 Shares is approximately S\$98,183,216.

3.7.4 Illustrative Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

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Based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2022, the Group has positive equity of approximately S\$485 million to effect purchases of its shares from the market. However, for illustrative purposes only, assuming that:

- (i) the Company purchases 30,875,225 Shares representing the maximum 10% of its total number of issued Shares excluding Treasury Shares, as at 31 December 2022;
- (ii) the aforesaid 30,875,225 Shares are purchased at the maximum price of S\$3.04 per Share, being a price representing 105% of the Average Closing Price as at the Latest Practicable Date;
- (iii) the Share purchases were made out of Company's capital; and
- (iv) the Share purchases took place on 1 January 2022 and Shares purchased were (a) cancelled; or (b) held as Treasury Shares,

and for purposes of this illustration, it is assumed that the Company is using only internal sources of funds to finance purchases of its Shares from the market and that the purchased Shares are cancelled or held in treasury, 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 FY2022 would be as set out below:

Scenario A

Market Purchases of up to 10% made out of Capital and cancelled

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2022 (S\$'000)				
Shareholders' Funds	495,525	401,664	199,768	105,907
Treasury Shares	(10,477)	(10,477)	(10,477)	(10,477)
Total Shareholders' Funds	485,048	391,187	189,291	95,430
Net Asset Value (" NAV ")	485,048	391,187	189,291	95,430
Current Assets	590,565	496,704	113,682	49,408
Current Liabilities	168,196	168,196	11,672	41,259
Working Capital	422,369	328,508	102,010	8,149
Total Borrowings	108,132	108,132	–	–
Cash and Cash Equivalent	127,775	33,914	64,274	–
Number of Shares ('000)				
Issued and paid-up share capital (net of treasury shares)	308,753	277,878	308,753	277,878
Weighted average number of issued and paid-up Shares	309,138	278,263	309,138	278,263
Financial Ratios				
NAV per Share (Singapore cents)	157.10 ⁽¹⁾	140.78 ⁽²⁾	61.31 ⁽¹⁾	34.34 ⁽²⁾
Gearing Ratio (times) ⁽³⁾	0.22	0.28	0.00	0.00
Current Ratio (times) ⁽⁴⁾	3.51	2.95	9.74	1.20
EPS - Basic (Singapore cents)	41.02 ⁽¹⁾	45.57 ⁽²⁾	14.51 ⁽¹⁾	16.12 ⁽²⁾

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Notes:

- (1) The NAV per Share and basic EPS were calculated based on the number of Shares in issue (excluding treasury shares and subsidiary holdings) of 308,752,250 at the end of FY2022 and the weighted average number of Shares in issue (excluding treasury shares and subsidiary holdings) of 309,137,303 for FY2022 respectively before adjusting for the share purchase.
- (2) The NAV per Share and basic EPS were calculated based on the number of Shares in issue (excluding treasury shares and subsidiary holdings) of 277,877,025 at the end of FY2022 and weighted average number of Shares in issue (excluding treasury shares and subsidiary holdings) of 278,262,078 for FY2022 respectively after adjusting for the share purchase.
- (3) Gearing ratio is computed using total borrowings divided by Total Shareholders' Fund at the end of FY2022.
- (4) Current Ratio is computed using current assets divided by current liabilities.

Scenario B

Market Purchases of up to 10% made out of Capital and held in treasury

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2022 (S\$'000)				
Shareholders' Funds	495,525	495,525	199,768	199,768
Treasury Shares	(10,477)	(104,338)	(10,477)	(104,338)
Total Shareholders' Funds	485,048	391,187	189,291	95,430
Net Asset Value (" NAV ")	485,048	391,187	189,291	95,430
Current Assets	590,565	496,704	113,682	49,408
Current Liabilities	168,196	168,196	11,672	41,259
Working Capital	422,369	328,508	102,010	8,149
Total Borrowings	108,132	108,132	–	–
Cash and Cash Equivalent	127,775	33,914	64,274	–
Number of Shares ('000)				
Issued and paid-up share capital (net of treasury shares)	308,753	277,878	308,753	277,878
Weighted average number of issued and paid-up Shares	309,138	278,263	309,138	278,263
Financial Ratios				
NAV per Share (Singapore cents)	157.10 ⁽¹⁾	140.78 ⁽²⁾	61.31 ⁽¹⁾	34.34 ⁽²⁾
Gearing Ratio (times) ⁽³⁾	0.22	0.28	0.00	0.00
Current Ratio (times) ⁽⁴⁾	3.51	2.95	9.74	1.20
EPS - Basic (Singapore cents)	41.02 ⁽¹⁾	45.57 ⁽²⁾	14.51 ⁽¹⁾	16.12 ⁽²⁾

Notes:

- (1) The NAV per Share and basic EPS were calculated based on the number of Shares in issue (excluding treasury shares and subsidiary holdings) of 308,752,250 at the end of FY2022 and the weighted average number of Shares in issue (excluding treasury shares and subsidiary holdings) of 309,137,303 for FY2022 respectively before adjusting for the share purchase.
- (2) The NAV per Share and basic EPS were calculated based on the number of Shares in issue (excluding treasury shares and subsidiary holdings) of 277,877,025 at the end of FY2022 and weighted average number of Shares in issue (excluding treasury shares and subsidiary holdings) of 278,262,078 for FY2022 respectively after adjusting for the share purchase.
- (3) Gearing ratio is computed using total borrowings divided by Total Shareholders' Fund at the end of FY2022.
- (4) Current Ratio is computed using current assets divided by current liabilities.

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As at 31 December 2022, the Group and Company had cash and bank balances of S\$128 million and S\$64 million respectively. In order to effect a Share Purchase of up to 30,875,225 shares at the Maximum Price computed at the Latest Practicable Date, cash reserves by the Company of S\$94 million will be required. Assuming the full exercise of the Share Purchases, the Company currently does not have sufficient cash to purchase all the Shares. Hence, for illustration purposes, it is assumed the Company received internal funding from subsidiaries to finance the Share Purchases.

As illustrated above, the purchase of Shares will reduce (i) the working capital from S\$422 million to S\$329 million, (ii) the NAV per Share of the Group as at 31 December 2022 from 157.10 Singapore cents per Share to 140.78 Singapore cents per Share and (iii) the NAV per Share of the Company as at 31 December 2022 from 61.31 Singapore cents per Share to 34.34 Singapore cents per Share respectively assuming that all share purchases are funded through internal sources.

Assuming that the purchase of Shares had taken place on 1 January 2022, the consolidated basic earnings per Share of the Group for FY2022 would increase from 41.02 Singapore cents per Share to 45.57 Singapore cents per Share as a result of the reduction in the number of issued Shares.

Shareholders should note that the financial effects set out in this section are purely for illustrative purposes only and are not necessarily representative of the Company's future financial performance. In addition, the actual impact will depend on, *inter alia*, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits or capital of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

The Directors would emphasise that they do not intend to exercise the Share Purchase Mandate to such an extent that would result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

- 3.8 Tax Implications.** Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 3.9 Listing Manual.** 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 Market Purchases, on the market day (i.e. 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 Off-Market Purchases under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such notification must include such details that the SGX-ST may prescribe, such as details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest

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and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares and subsidiary holdings) after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

Whilst 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 any purchase or acquisition of 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 consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced.

In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year and full year financial statements (if the Company does not announce its quarterly financial statements) or, if the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), during the period of two (2) weeks immediately preceding the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company’s full year financial statements.

3.10 Listing Status of Shares. Under Rule 723 of the Listing Manual, a listed company must ensure that at least 10% of the total number of 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. The word “public” is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are 194,438,968 issued Shares, representing approximately 62.99% of the total number of issued Shares (excluding treasury shares) of the Company, held by the public. In the event that the Company purchases the maximum of 10% of its total number of issued Shares (excluding treasury shares) from public Shareholders, based on information available as at the Latest Practicable Date, the percentage of the Company’s public float would be reduced to approximately 58.88% of the total number of issued Shares (excluding treasury shares). Accordingly, based on information available as at the Latest Practicable Date, the Company is of the view that there is a sufficient number of Shares in issue (excluding treasury shares) held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company’s issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares (excluding treasury shares and subsidiary holdings) as mandated. 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.

3.11 Certain Take-over Code Implications arising from the Share Purchase Mandate. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below:

3.11.1 Obligations to make a Take-over Offer

If as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the capital of the Company increases, such increase will be treated as an acquisition for the purposes 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 a take-over offer for the Company under Rule 14 of the Take-over Code.

3.11.2 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 Take-over Code presumes, inter alia, the following individuals and companies to be acting in concert with each other:

- (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, a company is an associated company of another company if the second-mentioned company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company.

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 as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

3.11.3 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 percentage of voting rights held by such Directors and persons acting in concert with them increases 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, and their voting rights increase by more than 1% in any period of six (6) months.

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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 (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentage of voting rights under the Take-over Code referred to above.

Information on the Directors' interests in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate and the interests of the substantial Shareholders in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate is set out at Paragraph 4 below.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholdings of the Company as at the Latest Practicable Date, the Directors are not aware of any Director or Substantial Shareholder who would become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code as a result of any intended purchase by the Company of the maximum limit of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, pursuant to the Share Purchase Mandate.

The statements herein 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 whether they would incur any obligation to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3.12 Details of Shares bought by the Company pursuant to the Share Purchase Mandate obtained at the 2022 AGM

Pursuant to the Share Purchase Mandate obtained at the 2022 AGM, the Company had purchased or acquired an aggregate of 1,093,100 shares by way of Market Purchases. The highest and lowest prices paid were S\$2.76 and S\$4.60 per Share respectively. The total consideration (including clearing charges, etc) paid was S\$3,740,396.

4.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 Directors' Interests. Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the Directors' interests in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no

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change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, (d) there are no subsidiary holdings, and (e) no Shares (other than the Shares already purchased or acquired by the Company) are purchased or acquired and are held by the Company as treasury shares on or prior to the 2023 AGM, will be as follows:

Director	Number of Shares Held			% Before Share Purchase ⁽¹⁾	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Loke Wai San	7,652,977	-	7,652,977	2.48	2.75
James Toh Ban Leng	11,011,200	1,196,772 ⁽²⁾	12,207,972	3.95	4.39
Chok Yean Hung	1,091,133	-	1,091,133	0.35	0.39
Loh Kin Wah	525,000	-	525,000	0.17	0.19
Alice Lin	5,000	-	5,000	0.00	0.00

Notes:

⁽¹⁾ Based on 308,692,950 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

⁽²⁾ The deemed interest arises as James Toh Ban Leng is a shareholder of A.C.T. Holdings Pte Ltd which holds 1,196,772 Shares.

4.2 Substantial Shareholders' Interests. Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the substantial Shareholders in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (a) the Company purchases or acquires the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (b) there is no change in the number of Shares in which the substantial Shareholders have an interest as at the Latest Practicable Date, (c) there are no further issues of Shares, (d) there are no subsidiary holdings, and (e) no Shares (other than the Shares already purchased or acquired by the Company) are purchased or acquired and held by the Company as treasury shares on or prior to the Latest Practicable Date, will be as follows:

Substantial Shareholder	Number of Shares Held			% Before Share Purchase ⁽¹⁾	% After Share Purchase
	Direct Interest	Deemed Interest	Total Interest		
Venezio Investments Pte. Ltd. ("Venezio")	38,626,300	-	38,626,300	12.51	13.90
Napier Investments Pte. Ltd. ("Napier") ⁽²⁾	-	38,626,300	38,626,300	12.51	13.90
Tembusu Capital Pte. Ltd. ("Tembusu") ⁽²⁾	-	38,626,300	38,626,300	12.51	13.90
Temasek Holdings (Private) Limited ("Temasek") ⁽²⁾	-	38,626,300	38,626,300	12.51	13.90
Employees Provident Fund Board ("EPF")	-	28,862,700	28,862,700	9.35	10.39
abrdn plc ("abrdn") ⁽³⁾	-	25,239,300	25,239,300	8.18	9.08
abrdn Holdings Limited ("AHL") ⁽⁴⁾	-	25,239,300	25,239,300	8.18	9.08
abrdn Asia Limited ⁽⁵⁾	-	25,239,300	25,239,300	8.18	9.08

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Notes:

- ⁽¹⁾ Based on 308,692,950 issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- ⁽²⁾ Temasek, Tembusu and Napier are deemed interested in the 38,626,300 Shares held by Venezio. Venezio is a wholly-owned subsidiary of Napier, which is a wholly-owned subsidiary of Tembusu, which is a wholly-owned subsidiary of Temasek.
- ⁽³⁾ abrdrn is the parent company of its subsidiaries (the "**abrdrn Group**") on behalf of the accounts managed by the abrdrn Group. abrdrn is deemed interested in the 25,239,300 Shares held under the accounts managed by the abrdrn Group.
- ⁽⁴⁾ AHL 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. AHL is a wholly-owned subsidiary of abrdrn and the parent company of abrdrn Asia Limited.
- ⁽⁵⁾ abrdrn 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 25,239,300 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. abrdrn Asia Limited is a wholly-owned subsidiary of AHL.

5.0 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 9 being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate, at the 2023 AGM.

6.0 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in the Letter 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 this Letter in its proper form and context.

7.0 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.

Leong Sook Han
Joint Company Secretary