

# AEM's Loke is on a deal-making spree

**The Edge Singapore** Published on Wed, Jan 13, 2021 / 1:10 AM GMT+8 / Updated 11 days ago



Loke Wai San, better known as the executive chairman of **AEM Holdings**, seems to be in an acquisitive mood, as he moves to take stakes in other companies within the broader electronics manufacturing sector.

Within just two months or so, Loke, who also manages the private equity firm Novo Tellus Capital Partners, is a party in two separate privatisation offers, first, of **Sunningdale Tech** and next, of **CEI**.

Most recently, on Jan 12, Novo Tellus is investing \$23.6 million for a 23.45 stake in another Singapore listed company, **Grand Venture Technology**, by taking up 71.5 million new shares at 33 cents each.

According to GVT, which provides manufacturing services to customers in the semiconductor and analytical life sciences sectors, the bulk of the new capital from Novo Tellus will be used for possible M&A.

Just a day earlier, on Jan 11, AEM, which provides packaging and handling services for the semiconductor industry, announced an offer of \$1.15 per share to privatise circuit board maker CEI, valuing the target at \$99.7 million.

AEM says there are synergistic benefits owning CEI. For one, CEI's printed circuit board assembly capabilities will enable AEM to have improved vertical integration with a higher level of control towards quality and agility over the entire supply chain.

---

By owning CEI, AEM can beef up the resilience of its supply chain and manufacturing operations, given the geo-political tensions. There are also cross-selling opportunities.

On Nov 9, Sunningdale Tech's chairman Koh Boon Hwee and Novo Tellus made a joint offer at \$1.55 per share offer for the precision tooling and mould maker. Koh holds 64% of the offer vehicle while Loke's Novo Tellus owns the remaining 36%.

According to the Sunningdale offerors, on-going trade tensions have forced a rethink of existing supply chains. "As a result, to better align the Sunningdale group's operations with these changing market dynamics, Sunningdale will need to make long-dated investments that may have minimal near-term payoff."

The acquisitions are not exactly a huge surprise for the street.

"We think more M&A may be on the cards as AEM leverages its balance sheet to bolt on new capabilities to strengthen its proposition to court new customers," writes Maybank Kim Eng analyst Lai Gene Lih in a research note on Jan 12, issued before the GVT placement to Novo Tellus was announced.

"We continue to see M&A as the fastest way for equipment players to access capabilities and, or customers as system level test competition increases," says Lai. Now, even as AEM makes acquisitions, it itself might be a potential M&A target too, adds Lai.