AEM ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2023

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapore, 22 April 2023 - AEM Holdings Ltd. ("AEM" and the "Company") would like to thank our shareholders for submitting their questions in advance of the 2023 Annual General Meeting ("AGM"). The AGM will be convened and held on 27 April 2023 at 3.00 p.m. (Singapore time) in person at Room 324 & 325, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593.

Please refer to our responses to the questions submitted by shareholders before 5.00 p.m. on Wednesday, 19 April 2023. Substantial and relevant questions received after 5.00 p.m. on Wednesday, 19 April 2023, which are not similar to the questions already addressed in this announcement, will be addressed at the AGM.

By Order of the Board

Chandran Nair
Chief Executive Officer

Question 1

In the Chairman's message, it was mentioned that the next generation of artificial intelligence (AI) chips would not be possible without the use of advanced packaging technologies. Could AEM elaborate on why this is the case? Additionally, could AEM provide more information on how AEM Test 2.0 is superior to other competing testing methods in terms of percentage increase in test accuracy and test transistors coverage ratio, lower testing time, and lower total cost of test per chip?

Advanced packaging technologies comprise a group of techniques such as System-in-Package, 2.5D, 3D, Fan-Out Wafer Level Packaging that are used to help maximise the performance of devices that contain either one or multiple dies fabricated at an advanced node. Without advanced packaging, inter-package data transmission rates along with energy consumption and thus thermal performance would become bottlenecks for overall device performance.

AEM's Test 2.0 paradigm enables a device manufacturer to define test flows that break away from the limitations of the standard Test 1.0, thus delivering the required test coverage at a significantly lower cost of test. Anecdotal evidence of the cost of test savings has been conservatively anywhere from 30% to 50% at high volume.

Question 2

Could you elaborate on AEM's unique capability to test thermally demanding ICs during probe, rather than after chip packaging? What are the advantages to test these ICs during probe that attract several major semiconductor companies to work towards qualifying this unique AEM solution?

An important advantage of increasing test coverage during wafer probe of advanced ICs is that it allows for early identification of faulty dies. This early detection can lead to a reduction in the overall cost of testing, as it is typically more expensive to test and identify bad dies after the assembly process.

In addition to cost savings, identifying bad dies during probe also reduces the number of faulty dies that proceed to the assembly process, thereby reducing the amount of scrapped devices and associated costs.

Enabling customers to overcome these challenges and embrace the resultant advantages is aligned with our Test 2.0 vision. We look forward to sharing more on our solutions and the capabilities that make them possible, in the coming quarters.

Question 3

Will AEM Test 2.0 capabilities result in a higher consumption of test consumables compared to traditional testing methods? If so, what are the main test consumables required for these capabilities, and can AEM manufacture them all in-house?

AEM's Test 2.0 platform architectures include "consumables" that are reordered based on a set of drivers. Given the higher levels of customisation, we do expect consumables to increase relative to traditional testing methods. These drivers include wear and tear, device form factor changes, die layout changes, and configuration for throughput. AEM utilises a combination of both in-house manufacturing capability as well as external suppliers to manufacture consumables used in the tools and equipment that it ships.

Question 4

Can the Company clarify AEM's dividend policy and the reason for the proposed final dividend payout for FY2022 being 3.6 Singapore cents per ordinary share, with the background that revenue has increased from S$565.5 million to S$870.5 million, compared to final dividend 5.0 Singapore cents per ordinary share for FY2021?

AEM's dividend policy has been established at no less than 25% of distributable profits since 2017, and the final dividend of 3.6 Singapore cents per share and an interim dividend of 6.7 Singapore cents per share, is in line with the policy. This represents a 35% increase compared to the FY2021 dividend payout of 7.6 Singapore cents per share (comprising an interim dividend of 2.6 Singapore cents per share and a final dividend of 5.0 Singapore cents per share).

Question 5

Will AEM consider issuing bonus issue in the near future?

Dividends, share buybacks, and bonus issues are part of the Company's capital allocation tools to return excess profits to shareholders. We will continue to consider these capital allocation tools.