



RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

AEM ANNUAL GENERAL MEETING TO BE HELD ON 23 APRIL 2025

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapore, 18 April 2025 - AEM Holdings Ltd. ("AEM" and the "Company") would like to thank our shareholders for submitting their questions in advance of the 2025 Annual General Meeting ("AGM"). The AGM will be convened and held on 23 April 2025 at 3:00 p.m. (Singapore time) in person at The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8, Level 5, Singapore 408600.

Please refer to our responses to the questions submitted by shareholders before 5:00 p.m. on Tuesday, 15 April 2025. Substantial and relevant questions received after 5:00 p.m. on Tuesday, 15 April 2025, which are not similar to the questions already addressed in this announcement, will be addressed at the AGM.

By Order of the Board

Leong Chunyi Yin (Amy)
Chief Executive Officer



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Question 1

Has AEM had conversations with its customers or potential customers in relation to the string of tariff announcements made by the U.S.? If yes, what are the key areas of discussion?

The evolving global trade landscape, especially under the current U.S. administration, has introduced a heightened level of unpredictability in the business world. For AEM, U.S. shipments account for a modest share of revenue (~16.2% in 2024, ~19.9% in 2023); In the Test Cell Solutions (“TCS”) segment, the majority of AI and HPC chip manufacturing – including chip testing – takes place outside of the U.S.. As a result, most of AEM’s test equipment is shipped internationally and remains largely unaffected by U.S. tariffs. We have close relationships with our customers both in the TCS and Contract Manufacturing segments and are actively engaged with them in navigating the current environment of tariffs changes. Our customers recognise AEM’s strengths and advantages, and these strong partnerships allow us to be agile and confident.

Question 2

As Trump 2.0 creates an increasingly uncertain global trading environment, how is AEM positioning itself to ride through this period of uncertainty?

As a company headquartered in Singapore, with strategic locations across both the East and West, five research and development centres globally with a worldwide network of manufacturing sites in Southeast Asia, Europe and the U.S., AEM has the agility and resilience to adapt swiftly to the shifting tides of global trade. We remain proactive, continuously monitoring regulatory developments and working closely with customers and various Singapore government agencies to navigate the uncertainty.

Question 3

It is mentioned in the Annual Report that AEM anticipates launching evaluations of its PX offering at all three advanced node foundry suppliers by late 2025. Could more be shared about how AEM got to this stage and what typically comes after the evaluations?

AEM has remained focused on investing in research and development to support addressing the thermal challenges being faced by leading AI and HPC chip manufacturers. The PX offering was borne from these investments and has been selectively demonstrated to leading foundries with very positive reactions. Customer engineering evaluations are expected to commence late 2025. Upon a successful evaluation, customers will define their high-volume manufacturing requirement, with AEM initiating design and manufacturing activities to meet the demand of its customers.



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Question 4

In relation to Resolution 9 and 10, what is the size of share issuance under these share award plans per year?

The share award plans of AEM are known as the AEM Restricted Share Plan 2024 ("**RSP 2024**") and the AEM Performance Share Plan 2017 ("**PSP 2017**"). Collectively, the RSP 2024 and the PSP 2017 shall be referred to as the "**AEM Share Plans**".

The AEM Share Plans are not new and had been proposed and approved at the AEM 2024 AGM held on 24 April 2024.

The Letter to Shareholders dated 8 April 2024 which contains all the details pertaining the AEM Share Plans can be accessed through SGX-ST's website under Company Announcements filtered pursuant to 'Annual Reports and Related Documents'.

The rules of the AEM Share Plans limit the Directors of AEM to issue up to 0.5% of the total number of issued shares as may be required to be issued pursuant to the grant of awards under the AEM Share Plans, subject to annual approval from shareholders. Additionally, the shares awarded under the RSP 2024 is further capped at 5% of the total issued shares of AEM. Overall, the share awards issued under the AEM Share Plans must not exceed 10% of the issued shares of AEM for all share-based schemes combined.

Purely for illustrative purposes on the size of issuance of new ordinary shares based on the foregoing salient elements, and that a total of 313,021,486 ordinary shares of AEM are issued and duly paid-up (excluding treasury shares and subsidiary holdings) as of 31 December 2024, the table below shows the maximum size of issuance for the financial year ended 31 December 2024 ("**FYE 2024**"):

Illustrated Maximum Size Of Issuance				
AEM Share Plans	Annual Plan Limit	Overall Limit For Share Plan	Aggregate Limit Across All Share-Based Schemes Combined	Actual Issued as of FYE 2024
PSP 2017	0.5% (1,565,107 shares)	N/A	10% (31,302,148 shares)	0.13% (408,067 shares)
RSP 2024	0.5% (1,565,107 shares)	5% (15,651,074 shares)		0

For FYE 2024, the total amount of new ordinary shares issued by AEM to the participants arising from the vesting of awards under the PSP 2017 are 408,067 new ordinary shares (which, represents an approximate increase of 0.13% to the issued and paid-up share capital).

For FYE 2024, none of the RSP 2024 awards reached their vesting periods. Hence, there had been no issuance of new shares to satisfy the vesting of the awards under the RSP 2024.



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Question 5

What is the impact of Resolution 9 and 10 to me as a shareholder?

Resolutions 9 and 10 are intended to renew specific mandates for issuing shares under the RSP 2024 and PSP 2017, respectively. This renewal enables the company to continue allotting and issuing ordinary shares to fulfil awards granted under these plans.

These initiatives aim to attract and retain top-tier talent, a key driver of business success and long-term shareholder value. The semiconductor industry's job market is highly competitive, demanding expertise in specialized skillsets. As AEM expands globally, providing competitive compensation packages is crucial for talent acquisition and retention. Stock-based compensation remains an integral part of the total reward strategy, ensuring AEM remains an attractive employer in the evolving industry landscape.

Issuing new ordinary shares under the AEM Share Plans will proportionately reduce your percentage ownership due to dilution, which, at the same time can be mitigated by the share purchase mandate that AEM has also proposed for shareholders' approval. For illustrative purposes, assuming that there are 313,021,486 ordinary shares in issue, if AEM issues the maximum allowed under both plans and on assumption that all such awards shall vest immediately, the potential dilution could be up to 1% of the total issued shares, with 0.5% each from the RSP 2024 and the PSP 2017.

This would also result in the increase of the total issued and paid-up capital of AEM by 3,130,214 ordinary shares, resulting in a total issued and paid-up capital of 316,151,700 ordinary shares.

It is important to note that the AEM Remuneration Committee ("RC") manages the awards under the AEM Share Plans such that the aggregate number of shares issued or to be issued in any given year will not exceed the annual limit.

The proposed Ordinary Resolution 9, if passed, will empower the Directors to issue shares in connection with the AEM RSP 2024, up to a limit of 0.5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company.

The proposed Ordinary Resolution 10, if passed, will empower the Directors to issue shares in connection with the AEM PSP 2017, up to a limit of 0.5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company.



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Question 6

How are the RSP 2024 and PSP 2017 share plans being monitored?

The RC, which comprises entirely non-executive directors (2 of which are independent directors), oversees the AEM Share Plans. The RC selects the eligible participants for the RSP 2024 (targeting middle and senior management executives, and high-potential employees) and the PSP 2017 (focusing on key strategic senior management executives). Selection is based on criteria such as job performance and contributions to the company's success.

The RSP 2024 is structured to distribute awarded shares over three years. Each year, awardees receive approximately one-third of their total awarded shares, ensuring the full award is distributed by the end of the third year. Typically, share awards under the RSP 2024 are granted annually. Under the RSP 2024, unvested share awards (those not yet granted to the recipient) will be forfeited in specific situations. These include if AEM becomes insolvent, the recipient is found guilty of serious misconduct or violating company policies that harm AEM, the recipient's employment ends, or the recipient fails to prevent or knowingly allows their subordinates to breach policies, causing harm to AEM. In any of these cases, the recipient will lose their entitlement to the shares and cannot make a claim for them.

Additionally, under the PSP 2017, the RC ensures that performance conditions related to Return on Equity and Total Shareholders' Returns over a three-year period are met before shares are awarded. If 100% of the targets are met, a specific number of shares will be issued. If targets are not met, the number of shares released would be reduced accordingly. Therefore, the number of shares to be released varies based on how actual results align with the targets. At the end of this three-year period, the results will be assessed, and the appropriate number of shares will be awarded accordingly.