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**Issuer:** AEM Holdings Ltd.

**Stock code:** AWX

**Meeting details:**

Date: 24 Apr 2024

Time: 3.00 p.m.

Venue: The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8 #05-30,  
Singapore 408600

**Q1.** As noted in the chairman’s message to shareholders, despite the challenges and errors in FY2023, the big picture looks positive with generative AI driving multi-year need for the entire IT cloud and edge infrastructures to be re-tooled. New-generation semiconductor chips for AI are based on the most advanced nodes and packaging methods, a trend that the chairman sees as favouring the group’s approach to semiconductor testing, Test 2.0.

- (i) **Can management explain, using layman’s terms, why the chairman has such high confidence that the company’s Test 2.0 is “undeniably” the standard going forward?**
- (ii) **Currently, what percentage of the industry is using the group’s Test 2.0?**
- (iii) **Besides from the group’s current key customer, how many of the top 10 AI chip players such as NVIDIA (Hopper H100/Blackwell B200) and AMD (Instinct MI300X) are utilising Test 2.0? Does management perceive greater potential with hyperscalers who are designing their in-house AI chip solutions?**
- (iv) **Separately, has the board identified the risks associated with the transition to a build-to-stock business model, compared to the previous build-to-order model? Does the new operating model require substantially more working capital?**
- (v) **Are there concerns that the key customer may delay deliveries under its long-term non-cancellable purchase orders?**

**Q2.** The group has been successful in its diversification journey with the onboarding of “several new customers”. Of the five new customers, two are in the xPU segment, two in “Systems & Hyperscalers” segment and one in the Memory segment.

Nevertheless, the key customer still contributed \$238.8 million in revenue, with the Test Cell Solutions segment registering \$271.5 million in revenue for FY2023.

- (i) **What insights has the group gained from acquiring these five new customers that will inform its approach to future customer acquisition?**
- (ii) The group has not declared a dividend as it is prioritising investments in “new customer programs”. **What are the costs related to customer acquisition?**
- (iii) **What can the group do to shorten the gestation period that includes “engineering validation” and “production intercept” before the group reaches the ramp up stage?**

**Q3.** The company has announced a 1-for-100 bonus issue “aimed at rewarding and giving due recognition to shareholders for their loyalty and continuing support” for the group.

- (i) **Can the board explain the rationale behind the decision to issue 1 bonus share for every 100 shares held by eligible shareholders?**
- (ii) **Considering this is essentially a non-monetary transaction, did the board consider a higher bonus rate such as 10 bonus share for every 100 shares held?** This would help to alleviate the issue of shareholders being left with odd lots.

Based on the statistics of shareholdings, nearly 8,000 shareholders hold between 100 to 10,000 shares. The 1% bonus issue will most likely create a situation of odd lot holdings of shares for these smaller shareholders. This will result in significant cost in buying and selling of these odd lot shares since shareholders have to trade on the illiquid unit share market.

STATISTICS OF SHAREHOLDINGS AS AT 15 MARCH 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	135	1.39	5,680	0.00
100 - 1,000	2,034	20.96	1,428,289	0.46
1,001 - 10,000	5,727	59.02	25,338,336	8.20
10,001 - 1,000,000	1,784	18.39	66,903,011	21.66
1,000,001 AND ABOVE	23	0.24	215,226,041	69.68
<b>TOTAL</b>	<b>9,703</b>	<b>100.00</b>	<b>308,901,357</b>	<b>100.00</b>

(Source: company annual report)

- (iii) **Is the board aware of the situation faced by smaller shareholders and what can the board do to help mitigate the issue caused by the 1% bonus issue that it is proposing? For instance, has the company considered working with major stockbrokers to facilitate odd lots trades at no/low brokerage fees during a specific period?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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