



Company Registration No. 198300506G

## AEI Corporation Ltd. and its Subsidiaries

Condensed Interim Financial Statements  
For the six months ended 30 June 2021

## AEI Corporation Ltd. and its subsidiaries

### General information

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#### Table of Contents

	<b>Page</b>
A. Condensed interim consolidated statement of comprehensive income	3
B. Condensed interim statements of financial position	5
C. Condensed interim consolidated statements of changes in equity	8
D. Condensed interim consolidated statement of cash flows	11
E. Notes to the condensed interim financial statements	13
F. Other information required by Listing Rule Appendix 7.2	24

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim consolidated statement of comprehensive income  
For the six months ended 30 June 2021**

	Note	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000	Increase / (Decrease) %
Revenue		7,674	3,751	104.6%
Cost of sales		(6,763)	(4,068)	66.2%
<b>Gross profit/(loss)</b>		911	(317)	nm
Other operating income	6.1 (a)	17,641	331	5229.6%
Selling and distribution expenses		(310)	(259)	19.7%
General and administrative expenses	6.1 (b)	(2,643)	(1,862)	41.9%
<b>Profit/(loss) from operating activities</b>		15,599	(2,107)	nm
Finance cost		(27)	(210)	(87.1%)
Share of results of associate		(4)	9	nm
Finance income		25	139	(82%)
<b>Profit/(loss) before tax</b>	6	15,593	(2,169)	nm
Income tax expense	7	–	(3)	(100%)
<b>Profit/(loss) net of tax</b>		15,593	(2,172)	nm
<b>Profit/(loss) for the financial year attributable to: Owners of the Company</b>		15,593	(2,172)	nm
<b>Earnings per share attributable to owners of the Company</b>				
- Basic (in cents)		23.3	(4.0)	
- Diluted (in cents)		23.3	(4.0)	

**AEI Corporation Ltd. and its subsidiaries****Condensed interim consolidated statement of comprehensive income  
For the six months ended 30 June 2021**

	<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>	<b>Increase / (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit/(loss) for the financial year</b>	15,593	(2,172)	nm
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of foreign currency translation of associated company	(14)	(10)	40%
<b>Other comprehensive income for the financial year, net of tax</b>	(14)	(10)	40%
<b>Total comprehensive income for the financial year</b>	15,579	(2,182)	nm
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	15,579	(2,182)	nm

"nm" - not meaningful

**Explanatory Notes to the Condensed Interim Consolidated Statement of Comprehensive Income**

- Increase in revenue due to increased sales in the aluminium business.
- Increase in other operating income mainly attributable to a one-off gain of \$17.1 million on the disposal of Penjuru Property.
- Selling and distribution expenses increased in tandem with higher volume of sales activities.
- Increase in administrative expenses due mainly to inclusion of \$0.5 million administrative expenses of newly incorporated subsidiary, Ascent Bridge (S) Pte Ltd and higher professional fees incurred on the proposed acquisition of 100% shareholding interest in MTBL Global Pte Ltd.
- Decrease in finance cost due to the absence of finance cost on lease liability of the Penjuru Property, which was disposed of in March 2021.
- Finance income decreased mainly due to lower interest rate.

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim statements of financial position  
As at 30 June 2021**

	Note	Group		Company	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	4,646	4,561	5	–
Investment in subsidiaries		–	–	4,154	4,154
Investment in associate		1,283	1,301	–	–
Leasehold land		1,495	1,547	–	–
		<u>7,424</u>	<u>7,409</u>	<u>4,159</u>	<u>4,154</u>
<b>Current assets</b>					
Inventories		3,472	4,136	–	–
Prepaid operating expenses		105	51	15	9
Trade receivables		2,593	1,699	47	14
Other receivables		3,470	2,885	604	3
Amount due from subsidiaries		–	–	4,812	3,795
Receivable from associate		219	213	8	7
Cash and cash equivalents		74,116	29,678	71,768	27,942
		<u>83,975</u>	<u>38,662</u>	<u>77,254</u>	<u>31,770</u>
Non-current assets classified as held for sale		–	8,974	–	8,974
		<u>83,975</u>	<u>47,636</u>	<u>77,254</u>	<u>40,744</u>
<b>Total assets</b>		<u>91,399</u>	<u>55,045</u>	<u>81,413</u>	<u>44,898</u>
<b>Current liabilities</b>					
Trade payables		1,336	1,878	13	8
Other payables		4,558	3,648	339	484
Loans and borrowings	10	301	451	–	–
Income tax payable		27	50	27	50
		<u>6,222</u>	<u>6,027</u>	<u>379</u>	<u>542</u>
Liabilities directly associated with non-current assets classified as held for sale		–	7,727	–	7,727
		<u>6,222</u>	<u>13,754</u>	<u>379</u>	<u>8,269</u>
<b>Net current assets</b>		<u>77,753</u>	<u>33,882</u>	<u>76,875</u>	<u>32,475</u>

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim statements of financial position  
As at 30 June 2021**

	Note	Group		Company	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
<b>Non-current liabilities</b>					
Loans and borrowings	10	2,085	1,988	–	–
Deferred tax liability		242	1	242	1
		<u>2,327</u>	<u>1,989</u>	<u>242</u>	<u>1</u>
<b>Total liabilities</b>		<b>8,549</b>	<b>15,743</b>	<b>621</b>	<b>8,270</b>
<b>Net assets</b>		<b>82,850</b>	<b>39,302</b>	<b>80,792</b>	<b>36,628</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	11	99,946	71,977	99,946	71,977
Treasury shares		(3,315)	(3,315)	(3,315)	(3,315)
Foreign currency translation reserve		52	66	–	–
Accumulated losses		(13,833)	(29,426)	(15,839)	(32,034)
<b>Total equity</b>		<b>82,850</b>	<b>39,302</b>	<b>80,792</b>	<b>36,628</b>
<b>Total equity and liabilities</b>		<b>91,399</b>	<b>55,045</b>	<b>81,413</b>	<b>44,898</b>

**Explanatory Notes to the Condensed Interim Statements of Financial Position**

- a. Property, plant and equipment increased by \$0.09 million due to recognition of right-of-use asset from new office lease taken up by subsidiary. The increase was partially offset by amortisation of Tuas South factory building.
- b. Decrease in inventories due to partly to higher production volume and partly due to raw material delay caused by seaport congestion.
- c. Prepaid operating expenses refer to insurance premium and subscription payment paid at the start of the year and being amortised over the same year. The higher balance recorded at 30 June 2021 compared to year end of 2020 due to timing of amortisation.
- d. Increase in trade receivables was due to higher sales.
- e. Other receivables increased by \$0.6 million from \$2.9 million as at 31 December 2020 to \$3.5 million as at 30 June 2021. The increase is due to \$0.6 million refundable deposit paid upon signing of Sale and Purchase Agreement (“Proposed acquisition of 100% shareholding interest in MTBL Global Pte Ltd”).
- f. Cash and cash equivalents increased by \$44.4 million from \$29.7 million as at 31 December 2020 to \$74.1 million as at 30 June 2021. The increase was due:
  - (i) \$12.8 million received from warrants’ holder, subscribing for one new ordinary share of the Company at an exercise price of \$1.00 for each warrant share. As at 30 June 2021, a total of 12,805,022 warrant have been exercised at the exercise price of \$1.00 for each new share (See Note 11);

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim statements of financial position  
As at 30 June 2021**

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**Explanatory Notes to the Condensed Interim Statements of Financial Position (Cont'd)**

- (ii) \$15.2 million receipts from options' holder, subscribing for up to 18,975,000 new ordinary shares in the capital of the Company at an issue price of \$0.80 per share (See Note 11);
- (iii) \$19.0 million proceeds from the disposal of Penjuru Property.

As disclosed in Note 12 (Subsequent Event), in relation to the proposed capital reduction exercise to return to shareholders of the Company surplus capital of the Company by way of cash distribution of \$0.36 for each ordinary share held by the Shareholders as at 30 Jun 2021. An aggregate amount of \$31.3 million has since been returned to Shareholders on 9 July 2021. Accordingly, the Group's cash and cash equivalents would reduce by \$31.3 million from \$74.1 million to \$42.8 million immediately after the completion of capital reduction exercise on 9 July 2021.

- g. Decrease in trade payables due to disruption on raw material delivery caused by seaport congestion.
- h. Increase in other payables due to advances from a corporation owned by directors of subsidiary companies.

AEI Corporation Ltd. and its subsidiaries

Condensed interim consolidated statement of changes in equity  
For the six months ended 30 June 2021

	Attributable to owners of the Company				
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Group</b>					
<b>Opening balance at 1 January 2021</b>	71,977	(3,315)	66	(29,426)	39,302
Profit for the financial period	–	–	–	15,593	15,593
Issue of ordinary share	15,749	–	–	–	15,749
Exercise of warrants	12,805	–	–	–	12,805
Share issuance expense	(585)	–	–	–	(585)
<i>Other comprehensive income:</i>					
Share of foreign currency translation of associated company	–	–	(14)	–	(14)
Other comprehensive income for the financial period, net of tax	–	–	(14)	–	(14)
Total comprehensive income for the financial period	–	–	(14)	–	(14)
<b>Closing balance at 30 June 2021</b>	99,946	(3,315)	52	(13,833)	82,850



AEI Corporation Ltd. and its subsidiaries

Condensed interim consolidated statement of changes in equity  
For the six months ended 30 June 2021

	Attributable to owners of the Company				
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Group</b>					
<b>Opening balance at 1 January 2020</b>	71,977	(3,315)	89	(23,788)	44,963
Loss for the financial year	–	–	–	(5,638)	(5,638)
<i>Other comprehensive income:</i>					
Share of foreign currency translation of associated company	–	–	(23)	–	(23)
Other comprehensive income for the financial year, net of tax	–	–	(23)	–	(23)
Total comprehensive income for the financial year	–	–	(23)	(5,638)	(5,661)
<b>Closing balance at 31 December 2020</b>	71,977	(3,315)	66	(29,426)	39,302

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim consolidated statement of changes in equity  
For the six months ended 30 June 2021**

	<b>Share capital \$'000 (Note 25)</b>	<b>Treasury shares \$'000 (Note 26)</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Company</b>				
<b>Opening balance at 1 January 2020</b>	71,977	(3,315)	(24,735)	43,927
Loss net of tax for the financial year, representing total comprehensive income for the financial year	–	–	(7,299)	(7,299)
<b>Closing balance at 31 December 2020 and opening balance at 1 January 2021</b>	71,977	(3,315)	(32,034)	36,628
Profit net of tax for the financial year, representing total comprehensive income for the financial period	–	–	16,195	16,195
Issue of ordinary share	15,749	–	–	15,749
Exercise of warrants	12,805	–	–	12,805
Share issuance expense	(585)	–	–	(585)
<b>Closing balance at 30 June 2021</b>	99,946	(3,315)	(15,839)	80,792

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim consolidated statement of cash flows  
For the six months ended 30 June 2021**

	<b>6 months ended 30 June 2021 \$'000</b>	<b>6 months ended 30 June 2020 \$'000</b>
<b>Operating activities:</b>		
Profit/(loss) before tax	15,593	(2,169)
Adjustments for:		
Depreciation of property, plant and equipment	150	566
Amortisation on leasehold land	115	213
(Gain)/loss on disposal of property, plant and equipment, net	(12)	37
Sale of Penjuru Property	(17,457)	–
Interest expense	27	210
Interest income	(25)	(139)
Foreign currency translation adjustments	14	10
Write-down of inventories, net	–	71
Share of results of associate	4	(9)
<b>Operating cash flows before changes in working capital</b>	<b>(1,591)</b>	<b>(1,210)</b>
Increase in receivables	(1,537)	(1,109)
Decrease/(increase) in inventories	664	(334)
Decrease in payables	(388)	(491)
<b>Cash flows used in operations</b>	<b>(2,852)</b>	<b>(3,144)</b>
Interest paid – term loan	(22)	(36)
Lease rental paid	(67)	(267)
Income tax paid	(22)	(3)
Interest received	24	398
<b>Net cash flows used in operating activities</b>	<b>(2,939)</b>	<b>(3,052)</b>
<b>Investing activities:</b>		
Proceeds from disposal of property, plant and equipment	19,012	–*
Purchase of property, plant and equipment	(106)	(156)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>18,906</b>	<b>(156)</b>
<b>Financing activities:</b>		
Repayment of term loan	(185)	(123)
Proceeds from issue of new shares	15,180	–
Share issuance expense	(16)	–
Exercise of warrants	12,805	–
Advance from a corporation owned by directors of subsidiary companies	701	300
<b>Net cash flows generated from financing activities</b>	<b>28,485</b>	<b>177</b>
Net decrease in cash and cash equivalents	44,452	(3,031)
Effect of exchange rate changes on cash and cash equivalents	(14)	(10)
Cash and cash equivalents at 1 January	29,678	33,906
<b>Cash and cash equivalents at 31 December</b>	<b>74,116</b>	<b>30,865</b>

\* amount represent less than \$1,000

**AEI Corporation Ltd. and its subsidiaries**

**Condensed interim consolidated statement of cash flows  
For the six months ended 30 June 2021**

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**Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows (Cont'd)**

The Group's net cash used in operating activities for HY2021 was \$2.9 million compared with net cash used of \$3.1 million for HY2020. The negative operating cashflow in HY2021 was mainly due to operating loss, higher trade receivable balance and partially offset by lower inventory and trade payable balance.

Net cash generated from investing activity for HY2021 was \$18.9 million, as opposed to net cash used of \$0.2 million in FY2020. The increase was mainly due to cash proceeds from sale of Penjuru Property.

The Group's net cash received from financing activities for HY2021 was \$28.5 million compared with net cash received of \$0.2 million for HY2020. The increase was mainly due to cash proceeds from the exercise of option shares of \$15.2 million and warrant conversion of \$12.8 million.

## **AEI Corporation Ltd. and its subsidiaries**

### **Notes to the condensed financial statements For the six months ended 30 June 2021**

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#### **1. Corporate information**

AEI Corporation Ltd. (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group). The principal activities of the Company is investment holdings in manufacturing, extrusion activities and wholesale of alcoholic beverage.

#### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

##### **2.1 New and amended standards adopted by the Group**

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new or amended Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations to FRS (“INT FRSs”) that are mandatory for application from that date.

The application of these new or amended SFRS(I) and INT FRSs did not result in change in the Group’s accounting policies and has no material effect on the amounts reported for the current period or prior years.

## **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the six months period ended 30 June 2021.

## **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **4. Segment and revenue information**

The Group is organised into the following main business segments:

- Segment 1: Electronics and precision engineering
- Segment 2: Construction and infra-structure building
- Segment 3: Beverage
- Segment 4: Others

AEI Corporation Ltd. and its subsidiaries

Notes to the condensed financial statements  
For the six months ended 30 June 2021

4.1 Reportable segments

	Electronics and precision engineering		Construction and infra-structure building		Beverage		Others		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<b>Revenue</b>										
External customers	7,522	3,561	141	185	6	–	5	5	7,674	3,751
<b>Total revenue</b>	<b>7,522</b>	<b>3,561</b>	<b>141</b>	<b>185</b>	<b>6</b>	<b>–</b>	<b>5</b>	<b>5</b>	<b>7,674</b>	<b>3,751</b>
<b>Results:</b>										
Segment result	(1,123)	(1,254)	(16)	(155)	(492)	–	(89)	(94)	(1,720)	(1,503)
Depreciation	(145)	(533)	(3)	(33)	(2)	–	–	–	(150)	(566)
Gain/(loss) on disposal of property, plant and equipment, net	12	(35)	–	(2)	–	–	–	–	12	(37)
Sale of Penjuru Property									17,457	–
Finance income									25	139
Finance cost									(27)	(210)
Share of results of associate									(4)	9
<b>Profit/(loss) before tax</b>									<b>15,593</b>	<b>(2,169)</b>
Income tax expense									–	(3)
<b>Profit/(loss) net of tax</b>									<b>15,593</b>	<b>(2,172)</b>

AEI Corporation Ltd. and its subsidiaries

Notes to the condensed financial statements  
For the six months ended 30 June 2021

4.1 Reportable segments (*cont'd*)

	Electronics and precision engineering		Construction and infra-structure building		Beverage		Others		Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<b>Assets</b>										
Segment assets	6,771	6,511	106	335	363	–	2,778	3,114	10,018	9,960
Unallocated assets <sup>(1)</sup>									81,381	47,761
<b>Total assets</b>									<b>91,399</b>	<b>57,721</b>
<b>Liabilities</b>										
Segment liabilities	1,306	1,850	27	111	322	–	–	–	1,655	1,961
Unallocated liabilities <sup>(2)</sup>									6,894	12,979
<b>Total liabilities</b>									<b>8,549</b>	<b>14,940</b>



AEI Corporation Ltd. and its subsidiaries

Notes to the condensed financial statements  
For the six months ended 30 June 2021

4.1 Reportable segments (cont'd)

	Electronics and precision engineering		Construction and infrastructure building		Beverage		Others		Consolidated	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Other information</b>										
Capital expenditure	90	147	2	9	15	–	–	–	107	156
Unallocated capital expenditure									–	–
<b>Total capital expenditure</b>									<b>107</b>	<b>156</b>
Depreciation	145	534	3	32	2	–	–	–	150	566

Electronics & Precision Engineering customer segment

Revenue from this segment increased by 111.1% to \$7.5 million for the period ended 30 June 2021. The Group recorded higher sales due to participation in customer's new program.

Construction & Infrastructure Segment

Revenue from this segment decreased by 23.8% to \$0.1 million during the period ended 30 June 2021. Segment result decreased as a result of lower sales and lower contribution margin amid ongoing price competition faced in this customer segment.

Beverages Segment

Beverages segment commenced on second half of the financial year of 2020. Segment loss due to expenses incurred during the startup period.

Other Segment

Revenue from this segment relates to service fee income from associated company.

AEI Corporation Ltd. and its subsidiaries

Notes to the condensed financial statements  
For the six months ended 30 June 2021

4.2. Disaggregation of revenue

	Sales of goods		Rendering of services		Total revenue	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
<i>Primary geographical locations</i>						
Singapore	3,199	1,747	5	4	3,204	1,751
Greater China	1,545	486	–	–	1,545	1,448
Malaysia	272	102	–	–	272	322
Other countries	2,653	1,412	–	–	2,653	3,616
	<b>7,669</b>	<b>3,747</b>	<b>5</b>	<b>4</b>	<b>7,674</b>	<b>3,751</b>
<i>Timing of transfer of goods</i>						
At a point in time	7,669	3,747	–	–	7,669	3,747
Over time	–	–	5	4	5	4
	<b>7,669</b>	<b>3,747</b>	<b>5</b>	<b>4</b>	<b>7,674</b>	<b>3,751</b>

5. Financial assets and financial liabilities

	1 year or less \$'000	Over 1 year to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>30 June 2021</b>				
<b><i>Financial assets</i></b>				
Trade receivables (excluding sales tax receivables)	2,501	–	–	2,501
Other receivables (excluding grant receivable)	3,470	–	–	3,470
Receivable from associate	219	–	–	219
Cash and cash equivalents	74,116	–	–	74,116
Total undiscounted financial assets	<b>80,306</b>	<b>–</b>	<b>–</b>	<b>80,306</b>
<b><i>Financial liabilities</i></b>				
Trade payables	(1,336)	–	–	(1,336)
Other payables (excluding deferred grant income)	(4,558)	–	–	(4,558)
Loans and borrowings	(301)	(574)	(1,511)	(2,386)
Total undiscounted financial liabilities	<b>(6,195)</b>	<b>(574)</b>	<b>(1,511)</b>	<b>(8,280)</b>
Total net undiscounted financial assets/(liabilities)	<b>74,111</b>	<b>(574)</b>	<b>(1,511)</b>	<b>(72,026)</b>

AEI Corporation Ltd. and its subsidiaries

Notes to the condensed financial statements  
For the six months ended 30 June 2021

5. Financial assets and financial liabilities (cont'd)

	1 year or less \$'000	Over 1 year to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>31 December 2020</b>				
<b><i>Financial assets</i></b>				
Trade receivables (excluding sales tax receivables)	1,536	–	–	1,536
Other receivables (excluding grant receivable)	2,843	–	–	2,843
Receivable from associate	213	–	–	213
Cash and cash equivalents	29,678	–	–	29,678
Total undiscounted financial assets	34,270	–	–	34,270
<b><i>Financial liabilities</i></b>				
Trade payables	(1,878)	–	–	(1,878)
Other payables (excluding deferred grant income)	(3,584)	–	–	(3,584)
Loans and borrowings	(499)	(1,684)	(405)	(2,588)
Total undiscounted financial liabilities	(5,961)	(1,684)	(405)	(8,050)
Total net undiscounted financial assets/(liabilities)	28,309	(1,684)	(405)	26,220

**AEI Corporation Ltd. and its subsidiaries**

**Notes to the condensed financial statements  
For the six months ended 30 June 2021**

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**6. Profit/(loss) before taxation**

**6.1 Significant items**

**(a) Other operating income**

	<b>Group</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$'000	\$'000
Sale of metal scrap	–	2
Government grant income	117	293
Gain on disposal of property, plant and equipment	12	–
Sale of Penjuru Property	17,457	–
Sundry income	55	36
	<hr/>	<hr/>
	17,641	331
	<hr/>	<hr/>

**(b) General and administrative expenses**

	<b>Group</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$'000	\$'000
Audit fees paid to auditors of the Company	58	55
Non-audit fees paid to auditors of the Company	14	13
Depreciation of property, plant and equipment	2	79
Amortisation of leasehold land	116	212
Directors' emoluments		
- fees accrued	124	129
- remuneration	280	–
Loss on disposal of property, plant and equipment, net	–	37
Staff costs (excluding directors' remuneration)	1,024	870
	<hr/>	<hr/>

**7 Income tax expenses**

The Group calculated the income tax expense for the reporting period using the tax rate that would be applicable to the expected total annual earning. The major components of income tax expenses in the condensed interim consolidated statement of comprehensive income are:

	<b>Group</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	\$'000	\$'000
Current income tax expense	–	3
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	–	3
	<hr/>	<hr/>

**AEI Corporation Ltd. and its subsidiaries**

**Notes to the condensed financial statements  
For the six months ended 30 June 2021**

**8. Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on the existing issued share capital at the respective period	95.20	71.80	92.80	66.90

	<b>Group</b>		<b>Company</b>	
	<b>9 July 2021</b>	<b>31 December 2020</b>	<b>9 July 2021</b>	<b>31 December 2020</b>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share after capital reduction on 9 July 2021	59.20	71.80	56.80	66.90

**9. Property, plant and equipment**

For the six months ended 30 June 2021, the Group acquired assets amounting to \$106,000 (30 June 2020: \$156,000).

**10. Loan and borrowing**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000	\$'000	\$'000
<b>Current:</b>				
Term loan at cost of funds + 1.75%	185	370	–	–
Lease liabilities	116	81	–	–
	301	451	–	–
<b>Non-current:</b>				
Term loan at cost of funds + 1.75%	1,881	1,881	–	–
Lease liabilities	204	107	–	–
	2,085	1,988	–	–
Total loans and borrowings	2,386	2,439	–	–

## AEI Corporation Ltd. and its subsidiaries

### Notes to the condensed financial statements For the six months ended 30 June 2021

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#### 10. Loan and borrowing (Cont'd)

##### *Term loan*

The term loan is secured by a corporate guarantee from the Company and a mortgage over the leasehold land. It bears interest at floating rate of cost of funds + 1.75% (2020: cost of funds + 1.75%). The loan is repayable in 120 monthly equal instalments and repayment has commenced on June 2016. In 2020, a loan deferment measure was announced by MAS as part of the industry-wide relief package amid the COVID-19 induced economic downturn. The Group had been offered and accepted a 8-month moratorium on the term loan, where principal repayment on the term loan was temporary suspended. The principal repayment on loan has since resumed on 1 Jan 2021.

#### 11. Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
Beginning of interim period	54,723	71,977	54,723	71,977
Share Options exercise	18,975	15,180	–	–
Share Options - Introducer	569	–*	–	–
Share issuance expense	–	(16)	–	–
Exercise of warrants	12,805	12,805	–	–
End of interim period	87,072	99,946	54,723	71,977

Excludes 3,009,200 treasury shares as at 1 January 2021 and 30 June 2021 respectively.

\* Option introducer shares credited as fully paid-up to the introducer.

##### (i) Exercise of options under \$50,000,000 Subscription Agreement

References are made to:

- (i) the Company's circular to shareholders dated 12 March 2018 (the "Circular");
- (ii) announcements relating to the exercise of option by MTBL Global Holdings Pte Ltd ("MTBLGH") on 23 April 2021, 5 May 2021, 27 May 2021, 1 June 2021 and 25 June 2021; and
- (iii) announcements on the exercise of options by Pro Honor Investment Limited ("PHIL") on 27 April 2021 and 25 June 2021.

Pursuant to their respective exercise of options, the Company has allotted 17,975,000 Shares to MTBLGH, 1,000,000 Shares to PHIL and 569,250 Shares to the Introducer. Pursuant to the said allotment of shares, the issued share capital of the Company has increased to 87,072,231 shares (including warrants exercise and excluding 3,009,200 treasury shares) as at 25 June 2021.

## AEI Corporation Ltd. and its subsidiaries

### Notes to the condensed financial statements For the six months ended 30 June 2021

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#### 11. Share capital (Cont'd)

##### (i) Exercise of options under \$50,000,000 Subscription Agreement (Cont'd)

	30 June 2021	31 December 2020
	No. of Option shares '000	No. of Option shares '000
Beginning of interim period	24,375	24,375
Number of new shares issued	(18,975)	–
End of interim period	<u>5,400</u>	<u>24,375</u>

Save as disclosed, the Company did not have any subsidiary holdings or other convertibles as at 30 June 2021.

##### (ii) Treasury shares

Total number of issued shares excluding treasury shares as at 30 June 2021 was 87,072,231 (31 December 2020: 54,722,959). Total number of treasury shares as at 30 June 2021 was 3,009,200 (31 December 2020: 3,009,200). No treasury shares were re-issued for the period ended 30 June 2021.

##### (iii) Warrants

On 25 May 2018, the Company had issued 27,119,659 bonus warrants, with each warrant carrying the right to subscribe for one new ordinary share of the Company at an exercise price of \$1.00 for each warrant. The bonus warrants may only be exercised by the warrants holders at any time during the period commencing on the date of issue, on 28 May 2018, and expiring on 27 May 2021 ("Expiry Date"), being the date immediately preceding the third anniversary of the date of issue of the bonus warrants. As at 30 June 2021, a total of 12,805,022 bonus warrants have been exercised at the exercise price of \$1.00 for each New Share prior to the Expiry Date. A total of remaining 14,314,637 bonus warrants that had not been exercised as aforesaid have lapsed and subsequently delisted from the Official List of the SGX-ST with effect from 28 May 2021.

#### 12. Subsequent events

As disclosed in the Shareholders' circular and announced by the Company on 31 December 2021, 11 January 2021, 28 April 2021, 18 May 2021, 20 May 2021, 31 May 2021 and 2 June 2021, the Company had proposed a capital reduction to return to shareholders surplus capital of the Company in excess of its needs by way of cash distribution of \$0.36 for each ordinary share held by the Shareholders. An aggregate amount of \$31,346,003 cash distribution based on \$0.36 for each 87,072,231 ordinary shares (excluding treasury shares) as at the record date of 30 June 2021 was distributed to the entitled shareholders on 9 July 2021.

**1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The condensed interim statements of financial position of AEI Corporation Ltd and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group posted a higher revenue of \$7.7 million in HY2021, representing an increase of 105% against the \$3.8 million achieved in HY2020. The higher revenue was due to increased sales in the aluminium business. Gross profit amounted to \$0.9 million compared to a gross loss of \$0.3 million in HY2020. The group also recorded a one-off gain of \$17.1 million from the sale of the Penjuru Property. The sale was completed on 31 March 2021. Other operating income for HY2021 was significantly higher at \$17.7 million after booking in the \$17.1 million gain on sale. Attributing mainly to the gain on sale of the Penjuru Property, the Group recorded a profit of \$15.6 million in HY2021 compared to a \$2.2 million loss in HY2020.

The Group reported a higher cash and cash equivalent balances of \$74.1 million as at 30 June 2021, an increase of \$44.4 million from \$29.7 million. The increase was due to the exercise of share options by options holders to subscribe for 18,975,000 ordinary shares in the capital of the Company at an issue price of \$0.80 per share as well as the exercise of 12,805,022 bonus warrants at the exercise price of \$1.00 for each warrant. The proceeds of \$19 million from the disposal of Penjuru Property also added to cash and cash equivalent balance.

**3. Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.**

Reference is made to the Company's announcement on 9 July 2021.

The Company had received an aggregate amount of \$50,985,022 from the following share issuance exercise:

- (a) \$23,000,000 from the Subscription Shares Issue;
- (b) \$15,180,000 from the exercise of Share Options ; and
- (c) \$12,805,022 from the exercise of Bonus Warrants.

After reviewing the Group's acquisition plans and cash flow needs for working capital, the Company had on 9 July 2021, announced its re-allocation and change in use of the Subscription Gross Proceeds and Warrants Gross Proceeds to include the Capital Reduction Exercise ("Cash Distribution"), in the following manner:



AEI Corporation Ltd. and its subsidiaries

Other Information Required by Listing Rule Appendix 7.2

(i) With respect to the Gross Proceeds from Share Subscription and Options Exercise:

<u>Intended Use</u>	<u>Allocated</u>	<u>Amount Allocated</u>	<u>Re-allocation Amount</u>	<u>Amount Allocated after the Re-allocation</u>	<u>Re-allocation</u>	<u>Amount Utilised as at 9 July 2021</u>	<u>Amount Unutilised as at 9 July 2021</u>
	%	(S\$ million)	(S\$ million)	(S\$ million)	%	(S\$ million)	(S\$ million)
Proposed acquisitions to be undertaken by the Company	80	30.54	4.64	25.90	68	0.60 <sup>1</sup>	25.30
Working capital and general corporate purposes	20	7.64	3.00	4.64	12	1.60 <sup>2</sup>	3.04
Payment of the Cash Distribution	-	-	7.64	7.64	20	7.64 <sup>3</sup>	-
	100	38.18	-	38.18	100	9.84	28.34

<sup>1</sup> Deposit for MTBL Global Pte Ltd shareholding interest acquisition

<sup>2</sup> Working capital for wholly-owned subsidiary Ascent Bridge (Singapore) Pte Ltd

<sup>3</sup> Cash payment for Capital Reduction on 9 July 2021

**AEI Corporation Ltd. and its subsidiaries**

**Other Information Required by Listing Rule Appendix 7.2**

(ii) With respect to the Gross Proceeds from Warrants Exercise:

<u>Intended Use</u>	<u>Allocated</u>	<u>Amount Allocated</u>	<u>Re-allocation Amount</u>	<u>Amount Allocated after the Re-allocation</u>	<u>Re-allocation</u>	<u>Amount Utilised as at 9 July 2021</u>	<u>Amount Unutilised as at 9 July 2021</u>
	<u>%</u>	<u>(\$ million)</u>	<u>(\$ million)</u>	<u>(\$ million)</u>	<u>%</u>	<u>(\$ million)</u>	<u>(\$ million)</u>
Proposed acquisitions to be undertaken by the Company	50	6.40	-	6.40	50	-	6.40
Repayment of loans or borrowings	30	3.84	3.84	-	-	-	-
Working capital and general corporate purposes	20	2.56	0.87	1.69	13	-	1.69
Payment of the Cash Distribution	-	-	4.71	4.71	37	4.71 <sup>3</sup>	-
<b>Total</b>	100	12.81	-	12.81	100	4.71	8.10

<sup>3</sup> Cash payment for Capital Reduction on 9 July 2021

For the avoidance of doubt, in addition to the Subscription Gross Proceeds and Warrants Gross Proceeds, the Cash Distribution will also be funded by cash proceeds from the Company's sale of Penjuru Property to ACW Holdings Pte. Ltd. ("**Penjuru Disposal**"). As announced by the Company on 31 March 2021, completion of the Penjuru Disposal took place on 31 March 2021.

**4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's results are in line with the statement made on 25 February 2021 and the profit guidance issued on 23 July 2021.

5. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As a result of the ongoing COVID-19 pandemic, the Group experienced severe challenges in its existing core aluminium extrusion business. In addition to continuing stiff business competition, the Group faced world-wide increases in raw materials prices, as well as COVID-19 related costs, which included higher freight and transportation costs and higher labour costs, eg cost of housing Malaysian workers affected by the Malaysia's MCO (Movement Control Order). We also faced production constraints caused by delayed shipments and shortage of raw materials, reduced capacity due to safe-distancing measures, and labour shortage resulting from travel restrictions.

Notwithstanding the foregoing, the Group will continue to focus on improving operational efficiency and respond aptly to increasingly volatile market condition, while at the same time, continue to look for and seek divestment on terms which will align with the timing of our business transformation.

The Company had announced on 31 December 2020 its Proposed Acquisition of 100% shareholding interest in MTBL Global Pte Ltd., subject to terms and conditions of the sale and purchase agreement ("SPA") entered into between the Company and Capital Impetus Group Limited. The Company has submitted the draft circular in relation to the Proposed Acquisition to the SGX-ST for its review and approval. As at the date hereof, the draft circular is still under review by the SGX-ST. The Company will make necessary announcements as and when information on any further developments becomes available.

6. **Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period on?**

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None

**(c) Date payable**

Not applicable

**(d) Book closure date**

Not applicable

7. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommend for the financial period ended 30 June 2021 as the company does not have retained earnings.

## AEI Corporation Ltd. and its subsidiaries

### Other Information Required by Listing Rule Appendix 7.2

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- 8. If the Group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interest person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interest person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Capital Impetus Group Limited <sup>1</sup>	\$600,000 <sup>2/3</sup>	Nil <sup>4</sup>

<sup>1</sup> Capital Impetus Group Limited, an entity associated with a director.

<sup>2</sup> Pursuant to the terms of the SPA, the Group placed a refundable deposit of \$0.6 million to Capital Impetus Group Limited upon signing of the SPA ("Proposed acquisition of 100% shareholding interest in MTBL Global Pte Ltd")

<sup>3</sup> Aggregate value less than 3% of the Group's latest audited net tangible assets.

<sup>4</sup> The Group does not obtain a shareholders' mandate for interested person transactions.

Save as disclosed, there are no other IPTS below \$100,000 in HY2021.

- 9. Confirmation of procurement of Undertakings from all Directors and Executive Officers.**

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

- 10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that as at 30 June 2021, none of the persons occupying the managerial positions in the Company or any its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

- 11. Additional information required pursuant to Rule 706A of the Listing Manual.**

During the period ended 30 June 2021, the Company did not incorporate or acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. The Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

**12. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2021 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

SUN QUAN  
EXECUTIVE DIRECTOR

12 August 2021