

**ANNOUNCEMENT**

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**COMPANY'S RESPONSE TO QUERY RAISED BY SGX-ST ON FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Board of Directors of AEI Corporation Ltd (**Company**) wishes to provide further details in response to the query raised by SGX-ST on its full year financial statement and dividend announcement for the year ended 31 December 2018.

Question:

“It is disclosed on page 3 of the announced financial results that based on the valuation carried out as at 31 December 2018, an impairment loss of S\$1.1 million in relation to the Group’s Tuas leasehold land was taken into account. In relation to the impairment loss of S\$1.1 million, please disclose the Board’s opinion on the reasonableness of the methodologies used to determine the value of the impairment loss.”

Company response

Management engaged an independent external appraiser, Asia Valuation & Advisory Services Pte Ltd (“AVA”) to carry out valuation on the group’s properties assets as at 31 December 2018. This was part of the management’s process for impairment assessment for its non-financial assets (including leasehold properties). The valuation was prepared in conformity with the International Valuation Standards published by the International Valuation Standards Committee and guidelines published by the Singapore Institute of Surveyors and Valuers. The fair value and recoverable amount of the leasehold properties were determined based on the valuations performed by AVA. An allocation of fair value of the leasehold properties between the land and building elements was also performed by AVA.

Based on the valuation performed by AVA, management has recorded the impairment loss of S\$1.1 million in relation to Tuas leasehold land. The Board has reviewed this assessment and concur that the impairment loss recorded is reasonable. The Company’s auditors have reviewed the valuations and the impairment loss made for the Tuas leasehold land for the purpose of the ongoing audit.

**ON BEHALF OF THE BOARD**

Tan Chu En Ian  
Executive Director and Chief Executive Officer

4 March 2019