# PENGUIN INTERNATIONAL LIMITED

**(Company Registration Number: 197600165Z)**

**RESPONSE TO SGX'S QUERY ON THE UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Board of Directors of Penguin International Limited (the "**Company**", and together with its subsidiaries, the **Group**") refers to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 3 April 2017 in relation to the Company's announcement titled "Financial Statements and Related Announcement: Full Yearly Results" for the financial year ended 31 December 2016 dated 23 February 2017 ("FY2016 Financial Statements") and would like to set out its response to the query as follows:

**SGX-ST's Query:**

It was disclosed in the FY2016 Financial Statements that the Group recorded an impairment of property, plant and equipment and inventory of S$5.19 million for FY2016 (the "**Impairment**"). In this regard, please disclose:
(i) how the amount of Impairment was determined;
(ii) the Board's confirmation as to whether it satisfied with the reasonableness of the methodologies used to determine amount of Impairment; and
(iii) confirmation as to whether the Company had sought any independent professional advice on the making of the Impairment.

**Company's response:**

(i) The amount of Impairment was determined based on their estimated recoverable amounts. The recoverable amounts for property, plant and equipment and inventory were determined based on valuations obtained from independent valuers.

(ii) The Board is satisfied with the reasonableness of the methodologies used to determine the amount of Impairment.

(iii) The Company confirms that independent professional advice was sought on the making of the Impairment.

**By Order of the Board**

**James Tham Tuck Choong**
Managing Director
7 April 2017