

**AEI CORPORATION LTD.**  
(Incorporated in the Republic of Singapore)  
Co. Registration No. 198300506G

---

**ANNOUNCEMENT**

---

**RESPONSE TO SGX-ST QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

---

The Board of Directors (the "Board") of AEI Corporation Ltd (the "Company") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 April 2016 regarding the disclosure of information in the Corporate Governance Statement in the Company's 2015 Annual Report. The Board sets out its response as follows:

**SGX's Query:**

Guideline 2.4 of the Code of Corporate Governance 2012 (the "Code") states that the independence of any director who has served on the board beyond nine years from the date of his first appointments should be subject to particularly rigorous review. The board should also explain why any such director should be considered independent.

We note the disclosure on page 17 of the annual report that Dr Vasoo, Mr Yeung and Mr Teng have each served on the Board as independent director for more than nine years.

As required under Listing Rule 710, please disclose the particularly rigorous review conducted as recommended in the Code; or otherwise disclose and explain any deviation from the recommendation.

**Company's Response**

The Board has a strong independent element with Independent Directors forming a majority of the Board. The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. Each of the Independent Directors, namely Dr Vasoo Sushilan, Mr David Yeung and Mr Teng Cheong Kwee, has confirmed his independence. The independence of each Director is reviewed annually by the Nominating Committee ("NC"), taking into consideration the declaration provided by each Director. Dr Vasoo, Mr Yeung and Mr Teng have confirmed that they have no association with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment.

Dr Vasoo, Mr Yeung and Mr Teng have each served on the Board as Independent directors for more than nine years.

Taking into account the views of the NC, the Board concurs with the NC that the length of service of a Director should not determine the effectiveness of independence of an Independent Director. In assessing the independence of a Director, the NC and the Board consider it more appropriate to have regard to the Director's contribution in terms of professionalism, integrity, objectivity and ability to exercise independence of judgment in his deliberation in the interest of the Company. The Board is of the view that the Independent Directors have over the years developed significant insights into the Group's business and operations, and continue to provide significant and valuable contribution objectively to the Board as a whole.

The Board conducts rigorous review of the independence of the Directors who have served beyond nine years. The Board's rigorous review includes critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board, and the effectiveness of their oversight role as check and balance on the acts of the board and management of the company and their role in enhancing and safeguarding the interest of the Company and that of its shareholders.

Each of Dr Vasoo, Mr Yeung and Mr Teng abstained from the NC's and Board's deliberation to maintain their independence.

**By Order of the Board**

Ngiam Zee Moey  
Foo Soon Soo  
Company Secretaries

Singapore, 22 April 2016